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Thursday February 9 1989

World News

## 144 killed in Boeing air crash

in Azores

A US-chartered Boeing 707 with 144 passengers and crew aboard crashed on the mid-At-lantic Azores island of Santa Maria as it approached the airport. There were no survivors among the 137 Italian holiday makers and seven US crew on board. Page 2

W Bank deaths Israeli forces shot dead two Arabs and a third died of wounds amid controversy over Israel's methods of quelling the Palestinian uprising. Israe rejected key conclusions of a US report alleging human rights violations. Page 6

#### Airlift to Kabul

The United Nations found a a delayed airlift of food and medicines to the embattled Afghan capital, Kabul. Mujahi-deen attacks, Page 6

Spain labour unrest Spain faces widespread industrial unrest following the col-lapse of a final round of talks between the Government and the two main trade unions.

Korea talks halt Talks aimed at arranging an unprecedented meeting between the prime ministers of North and South Korea came to a halt amid a dispute over Seoul's war games with US forces. Page 6

Paraguay shakeup Paraguayan coup leader Gen-eral Andres Rodriguez replaced about 50 military officers, including the commanders of the three army corps. =-

S Africa protest A civil rights group said that 105 blacks detained in Port Elizabeth have joined a hunger strike to protest against the policy of detention without trial Page 6

Tamils appeal to UN The Liberation Tigers of Tamil Eclam rebel group appealed to the United Nations Commission on Human Rights to medi-ate in an effort to end the ethnic conflict. The group also called for a ceasefire and the withdrawal of Indian troops.

Poland miners strike The Polish government said a strike by coalminers threatened power cuts and was aimed at undermining efforts to reform the country. The strike halted coal supplies to Poland's biggest electric power station. Page 3

Italian protest

About 5.000 people protested at plans to base 72 US F-16 fighter planes at an airport near Saint Ann, southern Italy.

tran diplomacy Iranian Foreign Minister Ali Akbar Velayati has discussed

improved economic and industrial links with officials in Spain. Iran amnesty, Page 6

Angle-Soviet Enk The British Government is to pay for 20 Soviet managers to attend a three-week course at the London Business School, Lord Young, the UK Trade Sec-

**Paddle the Channel** Czech Frantisek Rychnovsky. 75, a former barge helmsman. plans to paddle across the English Channel with his grandson on a Y-shaped log.

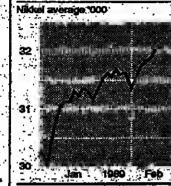
### Business Summary

## Argentina's **Currency** continues te plunge

austral plunged for the second day running, losing e further 20 per cent against the US dol-ler by midday with a black market devaluation of almost 35 per cent against last Friday. Page 20

NIKKEI average surged through the 32,000 level for the first time to close at a

Japan



record high of \$2,065.12, a gain ued a buying spree. Page 44 REEDPACK, British office products, paper and packaging group, and Daishowa Forest Products, Canadian paper group, have formed a joint ven-ture to build a £200m (\$348m). newsprint machine in Kent, England. Page 10

CHINA'S industrial output fell: in January by nearly 11 per-cent because of the current austerity programme to com-bat rising inflation. Page 6 EXPORTS of the Swiss chemi-

cal industry rose in value terms by 8.9 per cent last year to a record SFr 15.86bs (\$9.9bn), after an increase of 2.2 per cent in 1987. Page 8 MITSUBISHI CORPORATION, Januariese trading congruiner ate, has entered the European, food market with the purchase of Princes canned foods and Trex brand fats from Nestle

not disclosed. Page 21 ALGERIA and Morocco are to build a 2,000 km gas pipeline to carry Algerian natural gas across Morocco to Spain by

1995. Page 8 SIEMENS of West Germany and NEC of Japan confirmed they have signed licensing ments with MIPS Computer, a US software and electronics group. Page 22

POLAROID, US photography group fighting off a \$2.8bn takeover bid from Shamrock Partners, suffered a net loss in the fourth-quarter and full year. Page 22

OLIVETTI of Italy plans to boost its activity in US bank automation equipment with the \$174m purchase of ISC Systems of the US, second only to IBM in the sector. Page 21 ANRIEUSER-BUSCH, biggest

US brewer, reported strong results for 1968, pushing the company's run of unbroken growth to 12 years. Page 22 AMERICAN EXPRESS, the US financial services group, has been forced to postpone

a widely publicised new card it planned to launch in early January jointly with Nomura Securities, largest Japanese securities company. Page 23 UNION BANK OF FINLAND, one of the country's two big-gest commercial banks, reports a virtually unchanged profit of FMI 2bn (\$290m) before extraordinary items and taxes in the preliminary result for 1988. Page 24

GEORGE SHULTZ, former US Secretary of State, has rejoined the board of General Motors, the world's biggest automotive group. Page 24 :

THE HINDUJA GROUP: Correction, Page 6

## Rocard urges Thatcher to help build EC

By Robert Mauthner, Diplomatic Correspondent, in London

MR Michel Rocard, the French Prime Minister, yesterday eppealed to Britain to join France in building a more ambitious Europe, but warned that such an enterprise could not be based on a single economic doctrine such as the the-ory of free trade or monetar-

In a wide-ranging speech to the Royal Institute of Internathe Royal Institute of Interna-tional Affairs at Chatham House in London, Mr Rocard in effect replied to a speech made by Mrs Margaret Thatcher, the British Prime Minister, in Bruges last year, in which she fiercely opposed any supranational form of government for the European Community. However, Mr Rocard, who also appealed for greater co-operation between France and Britain in the nuclear defence field, couched his remarks on the future of Europe in concil-

latory terms, stressing that

both countries based their posi-

tions on a common conception of national independence and passion for democracy. After emphasising that he considered Britain's fears of an interfering supranational bureaucracy to be perfectly

legitimate, Mr Rocard said that it was, after all, General de Gaulle who had made it clear that Europe could be huilt only through the will of the nations which composed it.

If, today, the majority of Frenchmen were "convinced Europeans", it was not because they desired "uniform regulation" or the creation of a super-state, but because only Europe could allow the mem-ber states to preserve their per-sonality and international role and give them the capacity to act on a world scale. But, because of the diversity

of the economic traditions of the countries making up the Community, one could not transpose to the European level the economic model of a single country.

The creation of a single mar-

ket could not he allowed to lead to "blind deregulation." It was indispensable that the European Community should conserve a regulatory function to maintain e minimum of coherence of the economic policies of the member countries, to prevent distortions of competition and to ensure social Continued on Page 20



Conciliatory terms: Michel Rocard (right) with Sir Geoffrey Howe in London vesterday

## **Bush continues to** back Tower despite growing opposition

By Peter Riddell and Lionel Barber in Washington

PRESIDENT George Bush yesterday defended his choice of Mr John Tower as US Defence Secretary in the face of further allegations about financial and personal improprieties and the expression of serious reservations by senior senators.

The success of the nomination is looking increasingly unlikely, although neither the Bush administration nor Mr Tower appear willing to back down without a fight with the Democrat-controlled Congress.

The failure of Mr Tower's commation would represent a major political setback for President Bush so early in his term, especially given his emphasis on ethics in govern-

A recognition of the high political stakes involved prompted the President yesterday to call reporters into the Gval Office of the White House where he defended Mr. Tower, whom he said had been "the victim of unfair rumours and frenzied speculation." "I have seen nothing, not

ene substantive fact, that makes me change my mind about John Tower's ability to be Secretary of Defence and a good one," he said. The balance in Congress has

shifted against Mr Tower over the past 24 hours because members of the Senate Armed Services Committee, which has to confirm his nomination, are not satisfied that the former Republican Senator from Texas has dealt with a series of allegations about his personal life and financial dealings.



John Tower: allegations

Senator Sam Nunn, the Democrat chairman of the commit-tee, said yesterdsy that because of his "serious con-cerns" he had told President Bush that if a vote was taken immediately he would vote against Mr Tower. Such a stance by such an influential senator would have killed the nomination. · Senator Nunn's comments

came during a day of hurried meetings and manoeuvring between members of the com-mittee and the administration. An early visit yesterday hy Mr Tower to the White House was later described as "routine." Earlier White House pressure, via Republican Senators, to accelerate the vote has

back-fired by antagonising leading Democrats such as Mr Nunn and by turning the nomination into a more partisan

battle. Senator Nunn has put off the key vote on the committee after fresh allegations surfaced about Mr Tower's financial affairs. The Federal Bureau of Investigation is checking charges that he misused his position both when he was chairman of the armed services committee up to late 1984 and subsequently as a member of the US team in the arms control talks in Geneva.

Mr Nunn said he could not set a deadline for confirmation.

There is no cut-off here," he

Further delays in the vote, originally planned for last week, make Mr Tower's position increasingly difficult. Republican members of the committee have expressed fears that such a hold-up could be fatal. A further problem is that the Senate will be in recess for the whole of next

Senator James Exon, the second senior Democrat on the committee, said that "ss a practical matter" the administration "can't draw it out too

Accepting that 90 per cent of the allegations made against Mr Tower were "garbage," the senstor said the remaining charges concerned the nominee's drinking habits and his ability to svoid a conflict of interest with defence contractors from whom he received more than \$1m as a constulant

## **UK** gilts market makers lose £190m

By Simon Holberton, Economics Staff, In London

MARKET MAKERS in British Government gilt-edged securi-ties lost £190m in the first 24 years of trading after Big Bang, the Bank of England

said yesterday. Since October 1986, seven market makers have withdrawn from the gitts market and two have joined, leaving 22 now serving the market. The implication of the Bank's analysis, however, is that more will have to quit before the market can become profit-

The Bank said: "It is too soon to conclude that either the structure of the market or the number of market makers has yet stabilised."

Its views are contained in a

special article on the gilts market since Big Bang which was released ahead of today's publication of the Bank's Quarterly Bulletin.

But the article, which was also distributed to market makers late yesterday, drew a harsh reaction from some major UK securities houses. One executive commented:

"In view of the haemorrhaging that is taking place it is about time that two years after Big Bang the Bank stopped pussyfooting around and was tougher with smaller operators who are not playing by

the rules as set out."

The Bank's review of the market, which is generally posttive, found that investors generally had been provided with a full service by market makers. Where problems had been found, especially in the dealing in index-linked stocks, Continued on Page 20

Bank of England hulletin, Page 10; Editorial comment,

## Luxembourg and UK oppose plan for tax at source

THE European Commission's cootroversial new plan for e minimum 15 per cent tax-at-source on the savings and bond income of all Community residents was greeted with hostility yesterday by Luxembourg and the UK, home to two of Europe's largest financial com-Europe's largest financial cen-

Mr Jacques Poos, Luxembourg's Foreign and Economics
Minister, said the tax plan

– a French-inspired initiative
to stem tax evasion when most remaining EC capital controls diseppear next year - was "anti-Europeen" because it would drive money out of the

Community.
One of his officials said that if the common EC withholding tax was France's price for joining in the drive to free capital movements, the Community would be better off if France kept its money controls.

Luxembourg officials hope to concert their opposition strat-egy with Mr Nigel Lawson, Britain's Chancellor of the Exchequer, at a meeting of EC finance ministers in Brussels on Monday. Last month Mr Lawson

pointedly criticised those who having accepted the principle of freedom of capital move-ments, are seeking to escape from its consequences." UK officials yesterday reiterated this position.

Presenting the tax plan, Mrs Christiane Scrivener, who is in charge of the Commission's newly-created tax portfolio, said it was aimed et reducing the risk of tax evasion and making "bearable" the lifting of exchange controls hy the EC's eight richer states on July 1 1990.

She said it would still allow European financial centres to be competitive. The plan will trade, Page 20

not affect either Eurohonds or resideots of third countries She stressed the need for compromise from all sides, including the Commission, in getting the required unani-mous approval in the EC Coun-cil of Ministers.

She was not, for example, totally committed to the proposed 15 per cent rate, although it represented a rea sonable average of existing withholding tax rates. West Germany wants any

EC-wide tax to be closer to its new 10 per cent withholding

Since it agreed last June to lifting capital controls by mid-1990, the French Government has on occasion threatened to backtrack on this commitment failing simultaneous EC action to reduce the differences in

Paris is particularly anxious about Luxembourg which has tight hank secrecy and no taxes on non-residents. Mrs Scrivener warned, however, that all EC members had voted for capital liberalisation. "No one was forced" last year, hut all 12 should now stick to their

Mrs Scriveoer appeared to take heart from the fact that her two British colleagues - Sir Leon Brittan and Mr Bruce Millan - voted for her tax plan after Mr Jac-ques Delors, the Commission president, had made clear he wanted approval no later than yesterday.

The only opponents were Mr Frans Andriessen of the Netherlands and Mr Jean Dondelinger of Luxembourg. Editorial comment, Page 18; Brussels spreads the pain, Page 2; US concedes on farm

## Plessey may split to defeat hostile GEC-Siemens bid

By Terry Dodsworth and Hugo Dixon

PLESSEY, the UK electronics group, is considering a radical plan to break itself into two as part of its defence against the hostile takeover attempt from the General Electric Company and Siemens.

The demerger would only go ahead, however, if Plessey's more conventional defensive manoeuvres failed. Even then it would need to run the gaunt-let of shareholder approval.

The plan would involve split-ting the group's telecommuni-cations interests away from its

defence electronics, micro-chip and other businesses. Such e move could highlight the value of the individual parts of the company, notably its share of GPT, the telecom-munications manufacturer it owns jointly with GEC.
Finding a way of boosting
GPT's value has been a central

preoccupation of Plessey's defence strategy since the Anglo-German consortium launched its bid in November. The problem is that under the shareholder agreement which set up up GPT, GEC has the right to buy out the Plessey holding if ownership of its

CONTENTS

rival changes hands. This clause has severely hampered Plessey's search for an alternative, friendly bidder to help it escape from GEC/Siemens. Under the demerger idea, Plessey believes that its ownership would not change hands

GPT agreement would not be The company might then sitract alternative partners for its various businesses, or underline its value to such an extent that the GEC/Siemens consortium would have to increase its offer.

and therefore the clause in the

Before edopting such a plan, howaver, Plessey intends to continue its campaign to persuede tha Monopoliea and Mergers Commission to block the takeover proposals on the grounds that such a deal would limit competition in the UK

defence industry.

The company is also embarking on a "road-show" to convince institutional shareholders that it deserves to remain independent and that the GEC/ Siemens proposals lack indus-At the same time, Plessey is hoping to show that GEC, by launching the hid with Siemens, has broken the GPT shareholder agreement and that therefore Plessey has the right to huy out the GEC hold-

Plessey's chip manufacturing division say they are considering a management buyout if GEC wins the bid battle.

Mr Doug Dunn, managing director of the division, says he is convinced the business could

stand alone.

According to Mr Vivian Butler, Plessey main board director responsible for the samiconductor activities, several
companies of the same size as
the Plessey chip business had
found financing in the US. "I
am very proud of the team we
have built no here." he said. have built np here," he said. However, Mr Stephen Walls,

Plessey managing director, stressed yesterday that the parent company saw the semicon-ductor division as a vital part of the group's operations.

Background, Page 32; Plessey offers defence maintenance deal, Page 10

Airline Industry: Aeroflot struggles to rise

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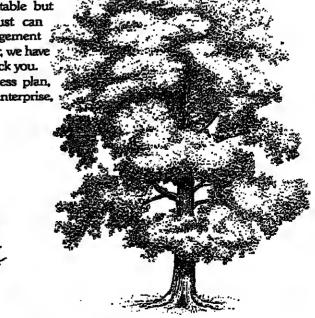
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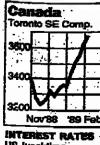
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Nov88 89 Feb INTEREST RATES Federal Funds 93% (916) 3-mth Treasury Bills: Bond: 102 1<sub>8</sub>

yield: 8.79% (8.836%) .GOLD

London New York 3-month interbank: Comex April close 1215% (same) \$399.1 (395.5)

New York closies \$1.7435 (1.7373) \$1.7435 (1.7425) DM3.2650 (3.2550) FF:11.1050 (11.0725) SF:2.7725 (2.7650) Y226.00 (225.25) DOLLAR New York closing DM1.8705 (1.87195) FFr8.3665 (6.3695) SFr1.5905 (1.5904)

Y129.425 (129.51)

DM1.8720 (1.8675)

FFre.2700 (6.3550) SFr1.5905 (1.5885)

Y129.65 (129.25)

STOCK INDICES New York closing 2.343.21 (-3.93) S&P Comp 298.56 (-0.74) 2,098.2 (+23.4) World: 145.26 (Tues) Tokyo Nikkei Ave 32,085.12 (+184.47) Frankfurt

Brent 15-day (Argus) \$17.10 (+0.45) (Feb)

West Tex Crude \$17.565 (+0.14) (Mar)

End of the P.W. Botha era completes a vicious circle

1701.2 (+14.2)

encouraged opposition leaders to spotlight the corruption which has dogged the his period of office World Guide

above its tarnished Image . France: Strains begin to show in overcrowded The South African premier'a ill-health Gdanski Corner of a plastic bag that is forever and his National Germany . Party's sudden Soviet-Israeli links: Icy relationship begins to vulnerability heve Morecco: Desert kingdom sells itself as a Editorial comment: Withholding tax; Gilts

Lombard: Admirable way to solve the Nordic labour ehortage ... Financial Futures \_\_\_\_\_\_ 40 Gold \_\_\_\_\_\_ 32 International bonds \_ 25,26 Intl. Capital Markets 25,26 Stock Markets
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World Index Letters \_\_\_\_\_\_Letters \_\_\_\_\_Letters \_\_\_\_\_Lombard \_\_\_\_\_ Management \_\_\_ Money Markets

## 144 die as Italian charter flight crashes in Azores

By Diana Smith in Lisbon

ALL 144 people on board a Boeing 707 were reported dead yesterday after the chartered aircraft crashed on the island of Santa Maria in the Azores.

The 137 passengers, reported to be Italians, and seven US crew members were on an airliner travelling from Bergamo in Italy to the Dominican Republic in the Caribbean: the passengers were reported to be

The aircraft was owned by Independent Air Corporation of

Atlanta, Georgia, and chartered to Dominair, an Italian holiday company. It crashed at about 2.30pm GMT on the windswept islands of the Azores, apparently as it made its final approach for a refuelling at Santa Maria airport.

Local government sources on the nearby island of Sao Mig-nel said the pilot had asked the airport to prepare for an emer-gency landing shortly before

Eye-witnesses on the island

reported to Portuguese Television that they thought the plane was making "strange noises" as it came in to land, and that the pilot appeared to be flying abnormally low.

Helicopters and naval corvettes were immediately despatched to the area of Pico Alto, the highest mountain peak on Santa Maria island, where the crash took place, in order to search for bodies and

The uncertain weather that

prevails in the Azores during most of the year, caused either by heavy fog or by high winds, traditionally makes the nine small Portuguese islands difficult places for landing and for take off. Eyewitnesses said the mountain was covered in

So far, there has been no offi-cial confirmation of eye-wit-nesses' claim that the Bosing 707 appeared to be in trouble as it epproached for a landing. Investigators from the Portuguese civil aviation board flew yesterday afternoon to the maccessible area where the aircraft crashed. They will be joined by US observers.

"Two bodies have already been recovered and there appear to be no survivors among the 137 passengers and seven crew," said an official handling rescue operations.

Dominair said the Boeing had earlier flown from the Dominican Republic to Italy with no problems.

#### allowed to distract attention from a fundamental fact as far as France is concerned, at least, there is no longer any dispute over the principle of if it doesn't take place by negotiation, then it will take place through unilateral reduc-tions of France's high rates,

Added Tax as to the taxation of savings.
This is a radical change of attitude, which has taken place so surreptitionsly that it has passed almost unnoticed. As recently as last October, Prime Minister Michel Rocard was fiercely denouncing the Com-mission's proposals for the har-

starting in next year's budget. And this applies as much to the harmonisation of Value

France feels the

gravity of Europe's

#### IAN DAVIDSON ON EUROPE

monisation of VAT rates in the Community, on the grounds this would cost France too much in tax revenue.

By December, however, Mr Pierre Berégovoy, France's Finance Minister, was calmly telling the Foreign Affairs Committee of the National Assembly not merely that harmonisation of VAT rates was indispensable in the singla market, but also that France could afford the loss of tax rev-

According to the account published by the Committee, he estimated this revenue loss at FFr 15hn to FFr 20hn (£1.35bn to £1.8bn) for the har-monisation of withholding tax on savings, and FFr 80bn to FFr 100bn for the harmonisa-tion of VAT, making a total cost of FFr 100bn to FFr 120bn. "Spread over the years 1990-1993, this loss of revenue will be bearable for our country provided the rate of eco-nomic growth remains at 2.5-3 per cent and that public spending is rigorously managed," the

committee concluded.

In other words, the pace of events is transforming the Single European Market (in the minds of the French) from a daunting and distant theory

into a reality which remains just as daunting but is now assumed to be unavoidable.

The time when the Government talked tough over next year's liberalisation of capital movements, as if it could demand countervailing conces sions from other member states, appears to have melted

y hunch is that Europe has crossed some sort of psychological watershed, in which the negotiations in Brussels, the actions and expectations of the real world of business, and the calculations and anticipations of national governments, are all moving in synergy together.
Progress towards a more
open European market is, in a
narrow sense, probably
unavoidable and unstoppable,
because Europe must survive because Europe must survive in an international context of increasingly open global mar-kets. No doubt the progress will be partial and uneven, as governments eeek to protect particular sectors, and no doubt these ad hoc protection-ist urges will be dressed in the respectable clothes of international reciprocity.

Protectionist ideas could, no doubt, gain currency if the opening of the market aggravated the unemployment or balance of payments problems of individual member states.

unstoppable unity ciple of protectionsim is not being preached in France, which has the longest history HE rigour of the negoti-ations over the EG's plans for a uniform of étatisme and protectionism, which already has a serious trade deficit in industrial goods, and which for demowithholding tax should not be graphic reasons has cause to fear a further increase in

nnemployment.
Progress towards an open Progress towards an open-European market may also be unstoppable in a broader sense, that it is now built into the assumptions of a large and growing number of the partici-pants in the game. We may have passed over the water-shed, from the uphill slope on which covernments resist the which governments resist the urgings of the Commission, to the downward slope on which they feel the concordant force

of gravity.
The tax implications of competitive pressures in the single market could be far-reaching, not merely for France, but for the whole Community. VAT rates in France lie at the top of the European range, so they will have to come down. But since, for domestic political reasons, governments will be more reluctant to raise than to reduce tax rates, the probability must be that the average incidence of VAT rates in the

Community will fall. rom a budgetary point of view, a cut in France's heavy VAT rates ought to encourage the Government to seek compensatory receipts elsewhere, most obviously by shifting more of the tax burden to income tax, which is light by European standards. But Mr Rocard is opposed on principle to heavier income tax, and on this point Mr Bérégovoy's evidence to the Foreign Affairs Commission did not suggest any change of

when the Commission set out to sell the idea of the Sin-gie Market, it produced an eco-nomic study which claimed to show economic growth would be much higher, while infla-tion and memployment would be study lower Scentice may be much lower. Sceptics may be reluctant to put much faith on the details of the study; but it is striking that the factors examined in this Cecchini report did not include any assumptions about tax burdens

in the Community. if it is plausible to suppose the competitive pressures of the Single Market will combine to reduce overall tax levels, then this could be an addi-tional factor driving faster eco-

nomic growth. nomic growth.

Two weeks ago, Mr Nigel
Lawson, the British Chancellor
of the Exchequer, launched a
brutal attack on the idea of economic and monetary union in the Community. "It is diffi-cult to escape the conclusion." he said, "that this divisive and intensely difficult new issue has been propelled into the forefront of European debate at this time, either out of culpable carelessness, or as a smoke-screen to obscure a lack of suf-

screen to obscure a fack of sur-ficient progress towards the Single Market — or worse, as a means of running away from the challenge of freedom." Mrs Thatcher's critics in the Community sighed at this speech as just another expression of her neo-Gaullist reputation. But perhaps they should have concluded that Mrs Thatcher, too, can feel the movement onto the downward slope, and does not like it. Four slope, and does not like it. Four years ago, Mrs Thatcher may have thought she had neutralised Continental urgings for a more confederate Europe, by pressing the supply-side case for the Single Market. Mr Lawson's speech suggests the British Government has fallen into that old logical trap, the fallacy of the last move.

## Aeroflot aims higher in public esteem

By Quentin Peci in

AEROFLOT, the Soviet Onion's large and much-maligned national airline, is
struggling to shake off its
image as one of the country's
least popular and most inefficient institutions.

Top officials of the airline,
and of the Civil Aviation Minlights, precipility claimed slow

istry, yesterday claimed slow but steady progress in their efforts to restructure the vorld's largest airline. But in the face of a barrage

of hostile questioning from the Soviet press, they admitted in the new spirit of glasnost that their safety record, the reliability of their schedules, and the oliteness of their staff still left

much to be desired.

Safety was the top priority.
Mr Boris Panyukov, the First
Deputy Minister of Civil Aviation, declared.

"We have reduced the number of our air crashes, catastrophes and accidents," he said.

"We have received fewer com-We have received fewer com-

But he admitted that there ware 16 accidents last year resulting in 85 deaths, com-pared with only 13 accidents and 17 fatalities in 1987.
As for reliability, the statis-tics were somewhat confused.

Only 15 per cent of the 124m passengers carried last year were delayed — or some 25m.; which seems to be more like 20 per cent, the officials said.

Aeroflot is the favourite target of criticism in the Sovier press: the object of a remarkable 865 newspaper articles, 295. radio broadcasts and more than 300 television broadcasts:

last year alone, according to an airline spokesman.
"We welcome their attention. even if it is critical attention," Mr Panyukov said.

He admitted that arrogance of the airline staff (some 95,000 pilots and crew are employed to fly almost 16,000 aircraft). was still a problem, but a big retraining programme was under way. As the official news agency,

Tass, reported last August: "Perestroika in the world'e biggest air company has been necessitated by the obvi-ous fact that it does not enjoy the prestige due to it among foreign passengers. The main weak point is the less than modest standard of its sec:

£2.22 ..

- E3.

#### More miles

Another problem is simply stretching overstretched capacin the airline's fuel supplies. Mr Panyukov said Aeroflot was being asked to fly 4 per cent-more passenger miles this year than laid down in the five-year

A switch to more intensive use of large aircraft, including the Ilyushin 86, the Tupolev 154, and the introduction of the new flyushin 96 and Tupolev
204 — "one or two years
behind schedule" — is supposed to be part of the answer.
At the same time, the airline has to open up a whole range of new routes, and extra

flights. In all of this, the manage: ment are convinced they are making a large profit. Mr Pan-yukov said it amounted to Rou-bles 4.7bn (£±3bn) last year, although a close study of the annual report showed that fig-ure to be the forecast passen-

ger revenue in 1989: He said that, none the less. Aeroflot had not received any state subsidies since 1977, an extraordinary achievement for

extraordinary achievement for an airline whose domestic fares are no higher than controlled train fares.

Only on the question of their finances, were the Soviet officials still apparently in a state of confusion, unable to distinguish between their total revenues and their annual profits, in the current campaign to switch to full cost accounting and self-financing.

switch to full cost accounting and self-financing.

The occasion for the airline's alarming honesty was an annual news conference to publish its annual report, underlining just how huge a challenge it faces in coping with the demands of providing a national air network throughout the Soviet Union.

Mr Panyukov revealed plans for a substantial increase in international flights to the Far East, including both China, and a new flight to Seoul.

## Brussels spreads the pain of tax on savers

Proposed 15% levy would affect a wide range of investors, writes David Buchan

HE European Commission's new tax chief,
Mrs Christiane Scrivener, yesterday pleyed down the impact of her plan for e minimum savings levy for all tax residents of the Community — and played up her flexibility in accommodating member states' objections to details

of the plan.

But there is no disguising that this proposal for e minimum 15 per cent withholding tax would, if adopted by the EC Council of Ministers, affect a wide range of investors.

Particularly concerned would be those cross-frontier would be those cross-nonter investors who place their money in one EC state, but reside and are taxable in another, and take edvantage of the very erretic taxation of non-residents (see chart). But those who both reside and invest in states like West Germany and Italy, where with-holding tax rates for residents are currently below 15 per cent, could also see less of a return on their savings.

The proposed minimum tax-

at-source would, in addition, be levied on anyone (EC or third country citizen alike) who is resident in an EC state for tax purposes. This new tax concept of "Community resident" is, according to the Commission, "entirely appropriate in the context of the creation of a European financial area".

The aim of all this, Mrs Scrivener said, was to "make it bearable" for the EC's eight richer member states to carry out their commitment to free all capital movements from July 1990, and for the other four to follow suit later. France and some other member states

EUROPEAN WITHHOLDING TAX REGIMES! (%) Luxembourg **Portugal** West Germany

fear their citizens will abuse their new freedom by salting their money eway into foreign banks and hiding the income

on it from their bome tax The Commission has no precise estimate to offer of actual or potential tax evasion that might accompany capital liberalisation. But, as evidence of the amount of potentially tax-shy money washing around the EC, it points to the substantial money outflows that preceded imposition, on January 1 this year, of West Germany's 10 per

cent quellensteuer, or withhold-ing tax, and of the new automatic reporting of interest pay-ments by Dutch banks to their By contrast, the UK Govern-ment argues that its Exche-

quer was hardly bled white by tax evasion when it lifted

Source: Adapted from Baropean Commission exchange controls in 1979, and other states should not suffer from 1990 on. Commission officials counter that what hap-pened in 1979 has been made less relevant by far greater capital mobility and banking

flexibility in the past 10 years. To assuage France and other fiscal fraud hand-wringers, the Commission has in the past seven months examined three possible measures; taxing at source; closer co-operation between tax authorities; and automatic reporting by banks. Yesterday it formally proposed what amounts to one and a half of these measures.

It discarded the idea of extending the system of automatic bank reporting beyond those countries (Denmark, the Netherlands and, partially, France) that already have it.

Only extension of the extraor-dinarily tight Danish system (whereby a Dane can only put his money in a foreign bank which will undertake to report his interest earnings to the Copenhagen taxmen) would have covered the problem of non-residents.

This wes nnacceptable, though in yesterday's Commission meeting Mr Frans Andriessen of the Netherlands was one of the two opponents of the Scrivener plan (the other being Mr Jean Dondelinger of

Luxembourg, of course).
The half-measure (because no one expects it to have any great effect) is a proposed amendment to the 1977 directive on co-operation between tax anthorities. This would stop countries using adminis-trative (as distinct from legal) means to frustrate tax inquiries from other EC states.

But Mrs Scrivener stressed: There is no question of chal-lenging bank secrecy laws." The most significant of these is that of Luxembourg. The Duchy will help EC partners and other foreign anthorities pursue "criminal" investigations, but it does not class tax avoidance as a crime.

Raising withholding taxes to a common 15 per cent floor would lead to "a slight increase" in the EC's total tax take, said Mr Geoffrey Fitchew, the former UK Treasury offi-cial who heads the Commission's financial services. "But the aim is not to make any changes in individuals' liability to national income tax, but to block tax fraud channels." In devising its tax scheme, the Commission claims to have

15 per cent, as a rough average of the current Community 0-35 per cent range. Mrs Scrivener indicated she was not wedded to this figure. But the Commission believes 15 per cent would be high enough to discourage continuance of tax bavens within the EC proper, while low enough not to drive money out of the Community.

To ensure, however, that the
Community does not lose busi-

ness, the new tax would not apply to residents (whether EC nationals or not) of third coun-

Asked whether the Euro-bond market, through such mechanisms as "bondwashing" might not become a loophole for avoidance of the new with-holding tax, Mrs Scrivener replied that maintaining the Euromarkets in Europe was economically vital to the EC and politically vital to getting any chance of eventually winning Britain and Luxembourg

around to her plan. At the other end of the investment scale, existing national tax-exempt schemes for small savers, such as the epurgnes populaires in France or national savings certificates in the UK, would be spared the new tax, and member states would have "elbow room" to increase such tax-free saving incentives in the future, Mrs

A final complexity of the withholding tax, however, is the increased clearing payments that will be required between member states, in order to ensure that taxes paid by non-residents end up in the exchequers of EC states where

## W German growth speeds up

By David Goodhart in Bonn

THE West German economy seems set to start 1989 in the manner it spent the whole of 1988 - growing faster than expected. Yesterday's industrial order

figures for December suggest that growth in the first quar-ter is likely to be ahead of the 2.5 per cent expected for the year as a whole.

Also yesterday, the German Institute for Economic Research estimated that real growth in exports for the first half of this year will be as high as 8 per cent, in part because of higher export

However, complaints from trading partners about the continuation of export-led growth may be muted by evidence from the December order figures. This shows that domestic orders for investment goods are even higher than foreign orders. Mr Jonathan foreign orders. Mr Jona-than Hoffman of Credit Smisse First Boston said this reflected the fact that capacity ntilisa-tion at the end of last year was at its highest level since 1973. Mr Hoffman also said that

the accumulating evidence of a buoyant first quarter may have been another reason why the Bundesbank felt eble recently to raise interest rates to forestall a marked increase in inflation. Economists were divided on whether growth is so strong that the Bundesbank may want a further rise.

The December order figure although a somewhat erratic barometer - show a 4.3 per cent rise on November and a 12 per cent rise on the previ-ous year. The November/December rise on September/Oc-tober is only 1.5 per cent but the November/December rise on the previous year is 9.8 per

## But it is striking that the prin-Sakharov calls on Kremlin

to release "new prisoners"

Peeca Prize winner was awarded an honorary degree from the University of Bologna yesterday on the third day of his second trip overseas.

MR Andrei Sakharov, the Soviet human rights activist, yesterday called on the Kremlin to release "new prisoners of conscience" and give more constitutional protection to ethnic minorities, AP reports from Bologna.

The physicist and Nobel Peeca Prize winner was awarded an honorary degree "Today, when nearly all for-

Today, when nearly all for-mer prisoners of conscience have been freed, there are suddenly new ones," Mr Sakharov told 1,900 people packed into a university auditorium for the At the ceremony and in later told 1,000 people p appearances, Mr Sakharov hammered at the issue of eth-

## Italy hits at high interest rates

By John Wyles in Rome

ITALYS view that the leading Western nations have reached "the limits of their ability" to maintain economic stability through monetary policies drew "strong snpport" at last week's Group of Seven meeting in Washington, Mr Giullano Amato, the Italian Treasury

Minister, said yesterday.

Mr Amato said on television that the policy of fighting inflation with high interest rates was becoming counter-produc-tive "because high interest rates keep a currency's value

cle" ran against the West's lighten: declared intent of helping to reduce the Third World's debt crisis because high interest rates were increasingly "suffo-cating" debtor-countries.

high, and a high currency makes exports less competitive, creating further trade deficits which can become the source of the problem you are irying to eliminate. The minister had stressed this point at the meeting, adding that this "vicious circle" ran against the Weet's circle and the problem impact on litaly's debt problem. Interest payments on litaly's left problem. Interest payments on litaly's complete the prompted by fears of the impact of any further rises in partly prompted by fears of the impact of any further rises in partly prompted by fears of the impact of any further rises in partly prompted by fears of the impact of any further rises in partly prompted by fears of the impact of any further rises in litaly's debt problem. Interest payments on litaly's debt problem. a climate of falling rates would

lighten:
High rates were also keeping up the US dollar whose value ought more to be a reflection of "a domestic fiscal and budgetating" debtor-countries. ary policy aimed at reducing Mr Amato's concern with the US (budget) deficit."

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#### **EUROPEAN NEWS**

## plastic bag that is forever Germany

By David Goodhart in Bonn

If THE smart new plastic bags given :away by West: Ger-many's Ministry for Inner-German Relations are anything to go by Bonn is reasserting Germany's historic claim to parts of Poland

The bags display pictures of famous figures and monuments from East and West-Germany, but tucked away in one corner is an imposing redtinted palace that even the most assiduous student of the two modern German states might have trouble identify.

For it is the Krantor in Gdansk, or Danzig as the Germans still insist on calling it, which has been very definitely Polish since the end of the last war. Before that, Danzig had spent most of the previous 500 years as a "free city," although it was briefly part of the Kingdom of Prussia and then the Third Reich.

in normal times such plastic bag revanchism might be dis-missed as a minor embarrassment but - no doubt respond ing to new anxieties over West German restlessness — the slip has already provoked pro-tests in the Bundestag led by Social Democrat Mr Reinhold

Hiller. The East German Government paper Neues Deutschland has also passed critical com-

Some Polish diplomats in Bonn are, privately, outraged. One said: "This is a typically insensitive German blunder, they should destroy all the bags and print a new collage." Another pointed out that it was particularly unfortunate coming just before the 50th anniversary of Hitler's invasion of Poland.

But the Inner-German Rela-tions Ministry, which is responsible for promoting trade and other contacts with East Germany, refuses to be brow-beaten. "There is nothing controversial here, the building in Danzig is a famous example of a certain kind of German architecture," says Mr Alex State the chief press offi-

the has a point. Although-only briefly under direct Ger-man rule, Danzig was Ger-man-speaking for many cents. between the main body of Ger-many and East Pressia (now western Poland). The plastic beg is just a reminder that German culture has extended iar beyond the country's his-torically mobile borders. Nevertheless Social Demo-

ciut critics argue that it is not the job of the inner-German

Relations Ministry to be pro-

moting greater-German cul-ture and that the inclusion of the Krantor is a Frendian slip on the part of the remantic nationalists who, such critics believe, control the ministry. In public the Poles do not want to kick up a fuss. They are hopeful of fresh financial support from West Germany following the visit of Mr Micezysław Bakowski, the Polish Prime Minister, despite conthraing disputes over treatment of the German minority is Poland and mutual recognition of different place-names like Gdansk/Danzig. They might also be more worried about the rise of the far-right Republican Party, which has the support of 11.5 per cent of voters, according to the latest polls, and which really does want the return of

parts of western Poland.

HE FRENCH Government is taking a hard line against prison officers striking in protest at an independent mediator's report, just published.

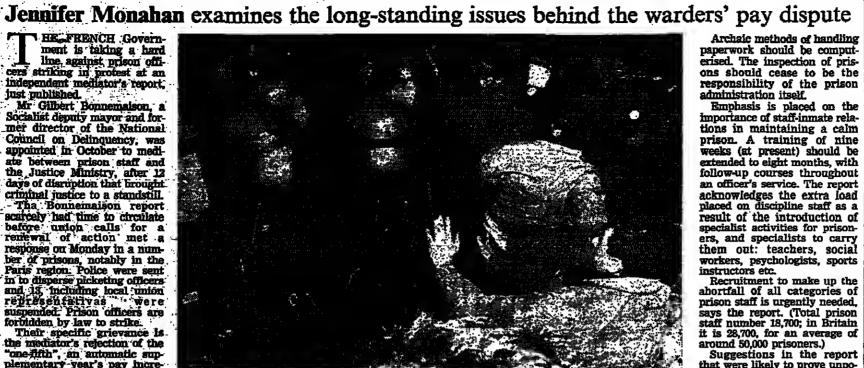
Mr Gibert Bonnemaison, a Socialist deputy mayor and former director of the National Coincil on Delinougney, was Council on Delinquency, was appointed in October to mediare between prison staff and the Justice Ministry, after 12 days of disruption that brought criminal justice to a standstill.

Tha Bonnemaion report scarcely had time to circulate before union calls for a renewal of action met a response on Monday in a number of prisons, notably in the Paris region. Police were sent in to disperse picketing officers and 13, including local union representatives were suspended Prison officers are forbidden by law to strike.

Their specific grievance is the mediator's rejection of the "one-fifth", an automatic supplementary year's pay increment every five years which
would give them parity in pension rights with the police.
Mr Bonnemaison argues that
the "one-fifth" is not likely to
be granted, given today's economic realities. But behind the
particular demand lies the

particular demand lies the familiar grievance of men who fill the job of prison officer: a need for recognition and status in an unpopular and ambigu-ous role, made less and less tolerable by overcrowding. The report addresses the funiamental problems of the French penal system, of which the officers' bitterness is a symptom. The report, The Modernisation of the Public Penitentiary Service, defines overcrowding as the main

problem to be tackled, and proposes alternatives to prison as the rstional line of approach.



aimed at creating 15,000 prison places at a capital cost of FFr 40bn (£360m). This was reduced

under Mr Pierre Arpaillang,

the new Minister of Justice, to

that the building programme leaves renovation of old prison

Mr Bonnemaison points out

13,000 places.

French riot police clash with striking prison officers in Paris

years by 70 per cent. The offi-cial number of places available is 35,000. Nearly half of all prisoners are on remand awaiting trial Longer sentences, rather than greater numbers being sent to prison, are the main explanation.

Mr Bonnemaison proposes a ceiling on numbers for each establishment, with selected leases of prisoners awaiting trial or serving short sentences to allow new receptions without surpassing the limit. Electronic survaillance using bracelet transmitters is proposed as one alternative to

The objective of penal policy, says the report, is a reduction in offending, and the objective of prison policy, the reduction of recidivism. It stresses that France's prison population of recidivism. It stresses that now stands at 47,000, having increased over the past 12 to delinquency and that it

accepts a very high recidivist rate: 60-70 per cent. A wider latitude in sentencstock atarved of funds. He wants to see a further reduction of new prison building, ing is advocated, by which community work could replace with the funds thus saved devoted to older establisha prison term of a year or less ets (80 per cent of existing an extension of remission and of provisional release is also French prisons were built before 1914.)

recommended. The report Housing for prison staff and makes a plea for closer co-oper-ation between judicial and penal authorities in trying to reception facilities for visitors are also essential recommendations. And the report makes several proposals for reducing the isolation of prisons, their achieve the main goals.
It outlines the current situation in prison building: the staff and their inmates. Socialist Government inherited the Gaullist programme which Some of the most outspoken criticism in the report is

directed at existing patterns of prison administration, which is "overcentralised" and "excessively bureaucratic". Clear guidelines should be

set at the top, says Mr Bonne-maison, but greater autonomy should be granted at local

Archaic methods of handling paperwork should be computerised. The inspection of prisons should cease to be the responsibility of the prison administration itself.

Emphasis is placed on the importance of staff-inmate relations in maintaining a calm prison. A training of nine weeks (at present) should be extended to eight months, with follow-up courses throughout an officer's service. The report acknowledges the extra load placed on discipline staff as a result of the introduction of specialist activities for prisoners, and specialists to carry them out: teachers, social workers, psychologists, sports instructors etc.

Recruitment to make up the abortfall of all categories of prison staff is urgently needed. says the report. (Total prison staff number 18,700; in Britain it is 28,700, for an average of around 50,000 prisoners.)

Suggestions in the report that were likely to prove unpo-pular with the staff include: the extension of the prison working day to accommodate evening visiting; possible intro-duction of marital visits (called less coyly in France "sexual" visits); further consideration of the presence of a lawyer at disciplinary hearings; and rejec-tion of special separate secure

units for disruptive prisoners. "There's more in it for pris-oners than for us" was the reaction cited among officers. Yet the report is based on an unprecedented series of direct consultations with prison staff, and it displays an unusual understanding of the realities of prison life.

If its main outlines were to be adopted and successfully negotiated, it could provide a chance for France to reverse the trend towards incarceration that gives it proportion-ately one of the highest prison populations in the EC.

## Corner of a Strains begin to tell in France's crowded jails Strike spreads as coal miners reject Solidarity's pleas

POLAND'S hanned trade statement read on television: "I union, Solidarity, held new talks yesterday with the Government on stabilising the country, but there was increasing concern that the coal miners' strike at Belchatow. 90 miles southwest of Warsaw, could disrupt the negotiations, Reuter reports from Warsaw. The strike spread despite the

efforts of two envoys sent to the pit on Tuesday by Mr Lech Walesa, the Solidarity leader. The Government said the strike stopped supplies of coal to Poland's biggest power plant at midnight. Cuts in electricity supplies will soon be threat-ened," it said.

Solidarity officials said the strike over pay was a local issue. It is the biggest strike since last August, when the worst labour unrest broke out since the union was suppressed under martial law in December

Mr Jerzy Urban, the govern-ment spokesman, said in a

want to turn the attention of the public to the fact that the strike is aimed against the principles of reforms."

He said almost 4,000 miners were occupying the mine but strikers later told reporters at the pit's gates that the strike had been joined by 8,000 of the 12,500 workforce. They denied that they wanted to undermine the Government-Solidarity

"The whole mine has not been working since about 10 minutes after midnight," Mr Jozef Pulkowski, head of a Soli-darity strike committee, told Reuter by telephone from inside the mine yesterday. He said 5,000 miners were

involved in the sit in. They wanted a Zl 30,000 (£33) a month pay rise — equal to about half Poland's average wage. The Belchatów power station had enough coal reserves to last about three

## **Hundreds sign petition** demanding Havel release

By Leslie Colltt in Berlin

MORE THAN 500 Czechoslovak cultural personalities have signed a petition to the Government sent by 700 others last week calling for the release of the playwright Vaclav Havel, who has been in custody since January 16.

It is his longest period in pre-trial detention since he was released from prison in 1983 after serving nearly four years. His lawyer has been told he will be informed tomorrow on the results of the current

Mr Havel was accused of

organising a demonstration in Wenceslas Square in Prague on January 16 with the help of Western radio stations broad-casting to Czechoslovakia. Dozens of appeals from both East and West have demanded that he be freed, but the number of signatories to the Czechoslo-

vak petition is unique. Two other opposition mem-bers remain in custody in Prague: Ms Jana Petrova and Mr Otakar Veverka, both activists in the independent Peace

## Koskotas scandal takes bizarre turn

By Andriana lerodiaconou in Athens

THE SCANDAL involving the Greek-banker Mr George Koskotas took a further bizarre

turn yesterday.

Mr. Gerassimos Arsenis, an independent MP, has alleged that a secret meeting took place in Rome in 1985 between Mr. Andreas Papandreou, the Prime Minister Mr. George Louvaris, a personal friend of the Premier who was formally charged last week with having received money from the jailed banker, and an Egyptian businessman at the time facing

charges of fraud in Greece.

The alleged meeting was reported by Mr Arsenis on Tuesday during an appearance by Mr Louvaris before a parliamentary fact-finding commit-

tee on the Koskotas affair.

Mr Arsenis held the post of
Economy Minister in the Socialist Government until the end of 1985 when a stringent stabilisation programme was introduced over his head. He

subsequently left the Socialist

He was prevented from questioning Mr Louvaris in depth on the alleged Rome meeting, on the aleged home meeting, on the grounds of irrelevant evidence, by the Socialist chairman of the committee, In an interview yesterday, Mr Arsenis Claimed that Mr Papandreou, met Mr Azzan, twice in Rome once in 1985 and once in 1984. Mr Azzam was charged with foreign currency fraud in 1983 together with the management of the Heracles Cement company, one of Europe's top cement exporthe was. Heracles also employed Mr Louvaris.

The Heracles case, handled personally hy Mr Arsenis as Economy Minister, sent shock waves through Greek industry. The defendants were cleared by an appeals court in 1988, and a Supreme Court decision on the case is pending.

#### Official home for Swedish PM

THE SWEDISH Government is renovations costing up to SKr to buy an official residence for 15m. to buy an official residence for its Prime Minister, a 40-room palace on the Stockholin water-front which has already dubbed Sweden's Number 10

Downing Street, AP reports.

The price of Number 18
Stromgatan was SKr 45.5m
(£4.13m) but Mr Ingvar Carlsson, the Prime Minister, is not expected to move in until after

BUTTESS BILENMAS NO

Mr Carlsson, who rents an apartment owned by the Swed-ish Crown, will have his new home conveniently tucked between the Prime Minister's office and the Foreign Ministry. Until the assassination of Mr Olof Palme in 1986, Prime Ministers in egalitarian Sweden lived in their own homes.

# PCs in office talut ula

By our City Correspondent

It has now been revealed that the last Budget was almost a disaster for a wellknown firm of City brokers.

The first intimation of trouble that City watchers had was the sudden arrival of a red van outside the plush Threadneedle Street offices. Passersby were surprised to see two

PCs carried into the building. The senior partners were understandably tightlipped but, in an exclusive interview. Bill Neilson, 42, the office manager, revealed some details the following day.



Office Manager Bill Neilson, "Those PCs saved the day."

loss. Fortunately one of the PC operators, Sarah Lawton, 23, has important City connections and advised Neilson to call CCA Micro Rentals on 01-350 1234.

Within thirty minutes two PCs had been delivered and installed by CCA. The missing sections were completed in just over three hours. And the finished booklets in the postbox by 10pm, just six hours after the problems first arose.

#### DRAMATIC

Neilson disclosed that the company had plans to go public on the tax implications of the Chancellor's Budget pronouncements. "We'd set up a desk-top publishing system to get a booklet out in 12 hours. And then disaster struck."

What happened was that two PCs went down, within minutes of each other. The original supplier was unavailable, it being lunch time, so the project seemed doomed.

#### SAVED

The management, Neilson frankly admitted, was at a

#### **EVERYDAY**

A spokesperson for CCA Micro Rentals Ltd refused to comment on the incident, claiming client confidentiality. But they did emphasise that CCA provided more than just an emergency service. As Britain's first - and only purpose-designed computer rental service, they had the biggest and hest supported fleet of IBM, Compaq and Apple PCs. They were available for anything from a day to a year.

CCA would supply for emergencies, overloads, special projects and short-term trial. But with their attractive rental-to-purchase conversion terms, they did admit to a large number of satisfied buyers. And as Neilson pointed out, not only do CCA excel on a tight budget, but on a tight Budget Day too.

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## **ADVERTISEMENT** THE BREWING INDUSTRY



#### RESPONDING TO

- ★ Britain's brewing industry is engaged in leisure related activities, and the industry has a £16 billion turnover within the £65 billion leisure market.
- ★ The number and variety of licensed premises has changed - there are 60,000 more licensed outlets of all kinds than 20 years ago.
- \* Brewery owned pubs now account for only 55% of full on-licences compared with 78% in 1967.
- ★ The industry has invested £3.2 billion in brewery owned pubs between 1981 and 1987.
- \* The drinks market has changed dramatically - beer now accounts for only 56% of all alcohol sales compared with 71% in 1967; lager's share of the beer market has risen to 46% compared with 3% in 1967; canned beers' share has risen to 16% from under 1% in the same period. Sales of table wine have risen sevenfold.

#### **A COMPETITIVE**

- \* More than half of beer (52%) is sold through non-brewery owned outlets and only 25% of all licensed premises are brewery owned.
- \* The tied house structure enables smaller breweries to compete in their areas with nationally advertised brands, and the customer benefits from this.
- ★ Britain's four biggest brewers have only 58% of the beer market; the top four in Australia have 98%: in Japan 99%; in Denmark 90%; in France 93%; Canada 95%; Netherlan 95%. It takes the top eight brewers in the UK to reach
- \* New producers and retailers have entered the market. Imported beers and beers brewed under licence already account for 17% of

#### A WEALTH OF CHOICE

- ★ There are just under 150,000 on-licences and clubs ranging from traditional pubs to cafe bars, restaurants, wine bars, hotels, sports clubs. discos and social clubs etc. - one for every 300 adults.
- ★ There are more than 1,000 beer brands available in the UK - more than any other country except West Germany, with more than a dozen types of beer nationally available - more than any other country.
- \* There is an average of 16 draught and packaged beers in British pubs compared with fewer than half in most continental European bars.
- \* The UK has 66 brewery companies - 8 national, 58 regional and local offering rich diversity.

#### **VALUE FOR MONEY**

- \* Over 90% of both Britons and foreigners agree that the pub offers excellent to fairly good value.
- \* An average male wage-earner takes 14 minutes to earn the price of a pint of beer in Britain's pubs-less than in the bars of ever v other continental European country, except West Germany, where excise dut v is much lower.
- \* Both Britons and overseas visitors rate British pubs more highly than continental bars for value for money.

#### CUSTOMER SATISFACTION

- ★ Nearly seven out of 10 Britons prefer pubs to bars in other countries (69%) and 64% of overseas visitors prefer British pubs to their own bars.
- \* Visiting pubs is the most popular leisure pursuit outside the home – well over half (52%) of adults visit pubs at least once a month.

# A British success story Over the last ten years change has been the name of the game for British brewers. Change in

the way they market their products, change in the way they see themselves as an industry. Today brewers of all sizes and characters serve the dynamic £65 billion a year leisure market, and can truly claim to

be "leading leisure in Britain".

In a special report issued in January, Britain's brewers set out a range of data based on UK and international surveys which demonstrated the choice, competitiveness and popularity of the main strand of their business, the British pub, and highlighted the successes of one of the country's largest and most important industries.

"Brewing is a major employer, a significant contributor to Government revenues and, through that most famous and popular of British institutions – the pub – it touches the lives of millions of people the length and breadth of the British Isles", said Anthony Fuller, Chairman of the Brewers' Society.

## Pubs remain the centre of our leisure life

market not only by maintaining the traditions of brewing but by leading the pace of change. The hallmarks of the British brewing industry today are fierce competition, wide choice, and excellent value for money.

"Together they belp explain why a visit to the pub still remains the most popular leisure pursuit outside the home - as well as earning the admiration and affection of millions of foreign visitors.
"Our special report on the

UK brewing industry is in-

Brewers have retained their tended to provide a perspective leading role in the UK leisure on the industry and the leisure needs of its customers. The pace of change continues to accelerate and the future will present new challenges and demand new insights.

In these two pages, we examine some of the report's findings and review the brewing industry's development.

If you would like to obtain a copy of the full report, contact the cretary, The Brewers' Society. WIH OBB. Telephone: 01-486 4831.



#### THE INDUSTRY

## Leading the pace of change

The brewing industry is one of the most important industries in Bri-tain. It makes a significant contribu-tion to the national economy, while its products and services cater for the leisure needs of a majority of the adult population of Britain. About thirty million plants of beer are en-joyed every day in the UK. Nearly 70 per cent of all adults visit a pub at least once every three months; just least once every three months; just over half visit at least once a month and more than a third will do so

and more than a third will do so once a week. Impressive as these figures are, they can only begin to describe the substantial influence of the brewing industry on the UK leisure scene. Brewers have to compete flercely for a share of consumers' leisure spending and their soccess can only be trouvely understood if they are be properly understood if they are viewed as competitons in the fast ng UK leisure marke This market is estimated to be worth some £65 billion – one of the

most vibrant sectors of the country's economy. Brewers' share of the market is estimated to be about \$16 billion or 25%. The industry's interests in other markets such as food and overseas investments add up to a total turnover of some 223 billion. The role of the industry in the les-sure market takes on a number of forms. Brewers have to compete through the services, facilities and ambience of their pubs - not only with each other - but with the fast proliferating number of other lei-sure attractions open to the public including the fastest growing leisure activity of all: time spent at home. The attraction of the total leisure package offered by brewers in their pubs is absolutely crucial in their fight for a share of the leisure

spending cake.

Many brewers have diversified and expanded into other areas of the leisure market - botels, restaurant chains and country clubs are just some of the leisure sectors in which many brewers have substantial in-

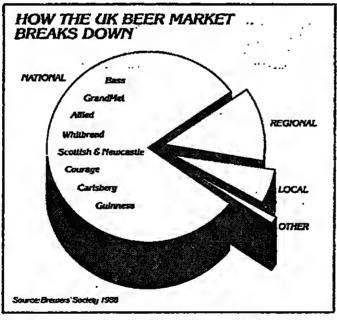
vestment programmes.
There are 66 sizeable brewery com-panies in the UK, eight national companies, and 58 regional and local companies. The national brewers companies. The national brewers are those companies whose brands are marketed throughout the UK; regional companies concentrate their operations on specific areas of the country, while local companies sell their beer mainly to the immediate locality of their brewery. The diversity and low concentration of the UK brewing industry are two of its most striking attributes particularly when one companes the industry to its counterparts overseas. The four largest national brewing companies in the UK account for only 58% of

in the UK account for only 58% of the beer market whereas in Deumark, France, Canada, the Netherlands, Australia and Japan, the corresponding share is at least

takes the market share of all eight national brewers to reach 80% of Britain's beer market leaving plenty of room for the regional and local brewers which add so much character and choice to the UK

In spite of that low concentration in the UK beer market, Britain's large brewing companies are competitive in international markets. Five of the

the premises. The remainder includes some 30,900 restaurants and residential hotels, 34,200 clubs and 82,900 pubs and hotels sometimes described as "full" on-licences. Brewery owned pubs account for only 55% of full on-licences and only 25% of all licensed premises. More than half of the beer produced by brewing companies (52%) is sold



brewing and distilling interests an British –Grand Metropolitan, Allies Lyons, Eass, Guinness and Whit-bread - with Heineken as the only non-British company making the top six. Scottish and Newcastle also makes the top ten. In an industry where annual con-sumption of beer was 38 million bar-

sumption of beer was 38 million barrels in 1987, many of the regional
brewers are also big companies with
turnovers placing them well in the
largest 300 companies in the UK.
The regional brewers include Wolverhampton and Dudley Brewerles,
the Vaux Group, Marstun,
Thompson and Evershed, Greene
King and Greenall Whitley.
At the other end of the scale are a At the other end of the scale are a

At the other and variety of suc-cessful local brewers ranging from Adnams in East Angila to Youngs of Together, the national, regional and local companies supply over 200,000 licensed premises, 60,000 more than

licensed premises, bu,our more trian 20 years ago. Over a quarter, 52,500, are off-licences – retail outlets where alco-hotic drink cannot be consumed on

The hrewing industry is a major employer. It provides over 444,000 jobs in the UK, 44,000 in beer production and 400,000 in retailing. It also has an employment impact on other sectors of the economy. Brewing companies are large customers of other panies are large customers of other British companies - for capital equipment, packaging, energy, and distribution services.

There is a particularly close re-lationship with the agricultural sector. Over 1.5 million tonnes of

best barley are used every year to make some 1.3 million tonnes of barrey mait. About helf goes to brew beer, much of the rest is used in dis-tilling. The drinks industry as a whole accounts for almost one third of the UK's barrey production. Brewers also use over 6,500 tonnes of hops or hop preparations a year. Beer makes a substantial contribu-Beer makes a substantial contribu-tion to Government revenues through excise duties and VAT. In the 1986/87 financial year, almost £3.2 billion was paid to the Treasury from these taxes – almost 2.5% of Government revenue from direct and indirect taxes and 6.5 of revenue for taxes on expenditure.

## CHANGE

Not for the first time in the history of the brewing industry, brewing companies have had to respond to consumars' changing leisure tastes. The growth of chema in the 1920s and TV in the 1950s are two obvious pariods when people's leisure habits changed dramatically.

During the 1950s; consumers' leisure requirements have become more varied and the brewing industry has had to meet these changes in different ways. On the one hand, many millions of pounds have been invested in pubs which, while still providing a traditional role, have also been developed to meet new and different markets. On the other hand, people's demand for drinks has also changed. Wine has become much more popular, lager drinks has also changed. Wine has become much more popular, lager has grown substantially, and very recently, with concern about health and drinking and driving, there has been the development of low alcohol products, particularly beer.

Why has there been this change of leisure activity in Britain? People have more leisure time available—around 25 per cent extra since 1980.

whether enforced through unem-ployment, or through shorter working weeks and longer holiday Consumers now have far more

varied leisure expectations - partly because many of them have been ex-posed to alternative activities and standards abroad. The British spent £7.5 billion on foreign holidays in 1987, an increase of 19 per cent in real terms since 1982. Possibly the most dramatic impact

on leisure can be seen in the eating our boom – sometimes described as the 'engine room' of today's leisure industry. The British are now spending over 24 per cent more in real terms on eating out than in

But the greatest competition of all comes not from any outside activity but from the home. Almost 60 per cent of people spend more time at home than they did five years ago with the figure rising to 67 per cent among high spending 25-34 year olds.

The DIY and gardening boom, the rise and rise of the video recorder, and the attractions of sophisticated hi-fi systems have all led to people spending more time at home, and on the home.

The name.

The new diversity in today's leisure market is reflected in the increase in the number of premises which are licensed for the sale of alcohol. The number of pubs and hotels has risen 10.5 per cent from 75,000 in 1967 to 82,900 today. The number of clubs has risen 28.9 per cent during the same period from 25,500 to 34,300. Largest of all though has been the increase in the number of licensed period strong the period from 25,500 to 34,300. restaurants and private hotels - a 291 per cent rise from 7,900 in 1967 to 30,900 today.

As a result pubs have had to learn to compete with the fast proliferating variety of leisure alternatives - restaurants, sports clubs, snooker halls, activity centres to name but a few - as well as satisfying the new time. Brewers know that the consumer wants different things from different pubs - some want the traditional pub where people can have a

## Pacesetters as Eighties set a leisure growth of service industries, de-cine of manufacturing) as well as



expectations of service which many people now have. One of the most significant changes One of the most significant changes in the drinks market over the last twenty years has been the dramatic rise in the number of off-licences from some 30,400 in 1967 to well over 52,500 today. The increasing prominence given by retailers to their supermarket drinks: sections has made buying drink for the home part of the weekly shopping run and all browers compete flercely to supply this fast growing off-licence market.

1981 . 1982

1983

market. Brewers continually research the market, and they were able to anticipate this major development of consumer taste. They have always realised that the common factor for all people is the emphasis they place on a total leisure package which oftens the best possible value for money. Pubs have to compete not only on the quality and choice of their beer and other drinks products, but on their ability to provide the right environment in which people want to spend their leisure time.

Brewers know that the consumer

quiet drink in warm and comfortquet attak in warm and comfortable surroundings; others place emphasis on the quality of food or the
attraction of the games on offer;
young people often like noisy lively
pubs with music, entertainment
and dancing; other people want is
beer garden or a pub to which they
can take the children.

As a result, there is now a far
greater diversity and choice of sub-

As a result, there is how a managerester diversity and choice of pub types than ever before - from the fown pub to the traditional country inn, from themed pubs and disco-bers to family pubs and restaurants. cars to family pubs and restaurants. At the same time, the facilities and comfort found in all pubs have been greatly expanded and improved. This would not have been possible without the injection of a measive capital investment by brewers in their own pubs. Between 1961 and 1967, brewing companies invested over £3.2 billion in improving their public house estates. Investment lians for the next three years come :

plans for the next three years come to some 2500 million a year. In addition to changing consumer demands, there have also been changes in the population. One of these has been the shift of people from city centres to new towns, and changes brought about in part through new employment patterns

so as to ensure that their estates ar operating at maximum efficiency.
Overall, the number of outlets
owned by brewers has declined by
over 13,300 houses between 1967 and brewers, have reduced the size of their estates and concentrated on improving their remaining houses, as well as buying new houses in line with their individual approach to the market

At the same time as these changes were also substantial changes in the drinks market. Beer has declined as a share of the total alcoholic drinks market from 71 per cent in 1967 to 56

market from 71 per cent in 1967 to 56 per cent in 1987.
Sales of table wine have increased sevenfold since 1967, while the spirits sector has become more complex with the growing preference for lighter spirits like vodka, let alone a greater choice of soft drinks.

Beer consumption which peaked in 1979, has been relatively static since 1982, aithough still well above 1967. In 1967, draught and packaged ale and stout accounted for 97 per cent of UK beer sales, with draught and

3-1

S ----

25

1.50

of UK beer sales, with draught and packed lager taking only 3 per cent. The last two decades have seen a major change in preference. Lager now accounts for over 46 per cent of beer sales as many people opt for lighter, colderdrinks.

Since the production of lager requires different brewing techniques and plant, brewers have made substantial investments.

stantial investments to meet that changing demand. Most of this was in the 1970s, but even so between 1981-87, the industry invested over 21 billion in new beer production and packaging plant.

More recently, brewers have responded rapidly to the increased in low alcohol and electricity in low alcohol and electricity.

brest in low alcohol and alcohol free beers, now estimated to take one per cent of the beer market. Two final facts. First, according to industry estimates, average turn-over including VAT of a managed pub outlet increased from £165,000 in 1981 to £265,000 in 1986 – even though sales of beer declined as a

though sales of beer declined as a proportion of that turnover.
Secondly, perhaps the most immediately obvious change of all in the British pub has been the range and quality of food on offer. In spite of increasing competition, pubs have managed to maintain a healthy 40 per cent share of the eating out market—a telling indication of the brewing industry's success in rising to the challenge of change.

#### CONCENTRATION OF NATIONAL BEER MARKETS

Market share of four largest companies in each country

Britain's brewing industry is not are dominated by o few companies, whereas in companies. We press in British the four largest brewers have just 58% of the market. It takes the eight largest brewers to reach 80%. Regional and local brewers compete to offer the consumer an even under choice of brands.



DENMARK















Source: Brewers' Society 158











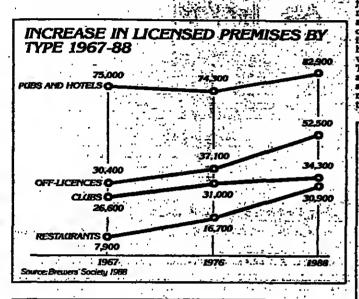




UNITED KINGDOM



## A diverse and open market.



WHERE IS THE BEER SOLD? THROUGH BREWERY
OWNED OUTLETS 48% OWNED OUTLETS 52%

Comparisons between the UK regional and local brewing-compa-brewing industry with any of its mes in the UK, there is a growing mes of smaller micro brewers entering the market, most providing products to their immediate open structure of the market in locality while in addition, shout 90 with similar beer drinking traditions reveal the diverse and open structure of the market in Britain

Britain,
It is arguable that much of the dramatic change which has characterised the UK scene over the last twenty years has only been made possible by the flerce competition between brewing companies to respond most quickly to changing consumer demands not to mention the challenge of new entrants to the market both from home and overseas.

One of the most striking companisons with industries overseas is the low concentration of the UK market in the UK raises in the UK raises. Britain.
It is arguable that much of the dramatic change which has characterised the UK scene over the last twenty years has only been made possible by the flerce competition between heaving

the top four trewers have as per cent of the market, in Japan their share is 39 per cent; in Denmark 30 per cent; in France 38 per cent; in Canada and the Netherlands 35 per cent. It takes the top eight brewers in the UK to reach even 30 per cent of the market leaving a full share for regional and smaller browers which add so much character and diversity to the UK leisure asses.

add so much character and diversity to the UK leisure scine.
Undoubtedly a key factor has been the freedom of brewers in the UK to operate a wide range of competitive strategies including ewning tied pubs. This freedom has been particularly important for regional and local brewers. Unable to match the national brand promotion budgets of the largest brewing companies, the guaranteed outlets of their tied estates have enabled them to compete effectively at a local level as estates have enabled them to com-pete effectively at a local level as well as providing the economic base for wider distribution of their pro-ducts and new product develop-ment.

Apart from the 66 sizeable national. pete effectively at a local level as well as providing the economic base for wider distribution of their pro-ducts and new product develop-

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32

while only 25 per cent of all hoesest.

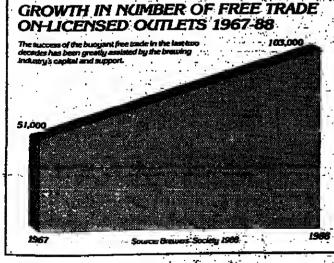
Two of the largest brewers, of course, have long chosen not to operate retail outlets stall.

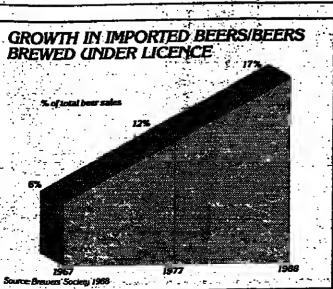
Most brewers owned pubs have other licensed premises within walking distance.

Even if the pub is the only one in a utilizer many many with core a car. village, many pub goers use a car and are prepared to drive some way to their preferred outlet. In a recent survey carried out by MORI for The Brewers' Society, 48 per cent of people said that they went by car on their last visit to the pub and 30 per cent had travelled three miles or

with this level of consumer choice it is no wonder then that, for browing companies, competition has to cross the other side of the bar too: Every

WHO OWNS LICENSED PREMISES · NON-BREWERY OWNED





# Unrivalled choice for Consumers have a greater choice of licensed premises and drinks in the UK than almost enveloper else in the world. The choice is getting wider all the time as new types of outlet develop and new UK and overseas brands are introduced to

ration by foreigners. But in addition, there are now vast numbers of cafe bars, wine bars and 'themed' pubs for the young and chic pubs with beer gardens and children's play areas for the family, high quality restaurant pubs for the comment and cames criented miles. verse tastes.
Take licensed premises. There are just under 150,000 on-licensed premises in the UK, one for every 300 adults in the country. That's a 22 per cent increase since 1967. But more important than the rise in numbers has been the revolution in the sheer variety of premises available.
The 'traditional' pub with its unique atmosphere and warm and comfortable surroundings remains supreme. It is regarded with great affection by Britons and with great admi-

AVERAGE NUMBER OF BRANDS PER PUB/BAR

the increased variety of restau-rants and clubs throughout the country. in helping to create this rich new

world of leisure. By investing heavily in their puls during the 1980s, they have been able to deliver greater choice and much higher standards of facilities and services. A survey, carried out by MORI in April 1988, found that six in ten people are satisfied with the choice of puls available to them near their homes. Only 17 per cent are dissatisfied, compared to 23% in 1978. Of people who have a regular puls, 75 per cent are also satisfied with the choice of beer available. For women beer drinkers the figure is 31 per

17.7

In the UK, the evidence shows that

in the Oc., the evinence shows that pub-goers get one of the best choices in the world. A special international survey, carried out by RBL in 1988, investigated the average number of beer brands available in the pubs and bars of England and Wales, West Germany, France, Denmark and Ireland. and Ireland.

and Ireland.

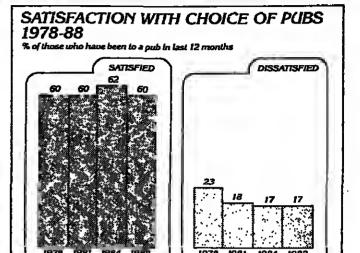
It found that the average pub in England and Wales has a choice of 6.5 draught beers and 9.8 packaged beers – a total of 16.3 beers in all. That was nearly twice as many as any other of the other Continental European countries. Danish bars could offer 9.1 beers on average; French bars 6.6 beers and West-German bars only 3.9 beers.

At first glance it might appear that the choice of beers in Ireland is com-

At first glance it might appear that the choice of beers in Ireland is comparable. But the Irish beer market has far fewer brands compared with that of Britain. Altogether, 133 different draught beers were recorded in the English pubs surveyed compared to only 18 in Ireland.

The same nine draught beers were available in half the pubs surveyed in Ireland.

ration in England and Wales.



other countries. British pubs reflect a world of choice. Beers from other countries including Germany, Denmark, Holland, Australia and North America compete with those

nom the UK.

Moreover, there are over a dozen
different types of beer in the UK
which are nationally available more than any other country in the world. In addition to the wide choice of

heers, British pubs offer a wide choice of wines, spirits and soft drinks to meet the needs of an in-creasingly sophisticated consumer. and brands of beer is reflected by the choice in the pub -a vast new range of lagers and a fast growing number of low alcohol and alcohol free brands to add to the long tradition of

diversity in ales.

Packaging has also changed. The trend has been towards convenient cans and PET (plastic) bottles, and away from returnable glass bottles. In 1971, 18 different beer packages able bottles and cans. By 1985, this number had increased to 37 types. Numerous plastic packages for take home draught beer as well as nonreturnable glass and PET bottles, re-flect the growing importance of the

take home trade. Overall, the choice offered to the British consumer, both in regard to the kinds of outlet available, and the

**VALUE** 

#### TIME TAKEN TO EARN A PINT OF BEER IN A BAR OR PUB



TIME TAKEN TO EARN A PINT OF BEER IN A BAR OR PUB

soney offered by the British publicar, Only West Germany, where

This data has been produced by taking the average prices established in the RBL survey and earnings data obtained from Europeta.

Survey carried out in England and Wales

Sources: RBL, Brewers' Society 1986

# 'Package deal' is a winner

For many years the industry has recognised that pub goers want more than the purchase of an alcoholic or indeed non-alcoholic drink from their favourite pub. After all, they can do that just as easily and more cheenly by going to an off.

FRANCE

Insteed they want a range of services and amenities in which a drink is only one part of the package. An increasingly important part of the package is food, and also games and sports facilities, music, games and sports facilities, music, other entertainment, facilities for children, outside seating or accom-modation. It most certainly includes the often 'intangible' atmosphere and general environment which makes one pub more pleasing as a place to enjoy a drink with friends than another.

The significance of pub amenities and facilities was shown clearly by a survey carried out in 1967 by Wyman Harris Research Limited into the attraction of pubs in Keighley, Yorkshire and Epping, Essex. The researchers found that surveyed pubs in these areas with facilities such as gardens, bar food, and comfortable furniture enjoyed far higher visitor numbers for their size and type than similar sized pubs without the same amenities—in spite of the fact that they were in spite of the fact that they were sometimes more expensive.

Thus this survey shows just how important amenities are when customers visit one pub instead of another pub or another leisure centre. In paying for a pint of beer, or a glass of wine, or a meal in a pub, the customer is buying not just the product but a leisure package. With the standard of facilities and amenities now so high in British pubs, it is perhaps surprising to find that the price of a pint of beer in Britain compares extremely favourably with many other countries. ably with many other countries.

One effective way of measuring value for money between British pubs and bars in other countries is to investigate how long it takes the average male wage earner to earn a pint of beer in a pub or ber. Prices and earnings data collected in inter-national surveys by RBL and Eu-metat show that it takes the average wage earner in England and Wales just 14 minutes to earn a pint of beer. In freland, it takes 19 minutes; in De-In Ireland, it takes 19 minutes; in De-mark 21 minutes and in France 25 minutes. Only in West Germany is there also a 14 minute pint – but in that country the excise duty ele-ment is much lower than in the UK.

value for money of the leisure package provided by British pubs is to compare the price of a pint of beer bought in an off-licence to that bought in a pub. Clearly it is more expensive in a pub, since customers.

BRITISH PUBS -- JUDGED GOOD VALUE value would you say that British pubs Taking into account the drinks, service facilities and atmost are (from 'extremely good' to 'extremely poor')? Sample: 66 i British travellers at Heathrow and Dover 827 Foreign usitors to British at Heathrow BRITISH TRAVELLERS VIEW ON BRITISH PUBS 5 EXTREMELY GOOD *55*% *33*% **VERY GOOD** FAIRLY GOOD FOREIGN VISITORS VIEW ON BRITISH PUBS 4 EXTREMELY GOOD 48% 44% **VERY GOOD** FAIRLY GOOD Source: Nielsen for Brewers' Society 1967

MEASURING VALUE FOR MONEY -- THE ON-OFF PRICE RATIO A good way of measuring value for money in the pub is to compare the pnce of a punt of beer bought in a pub to that bought in an off heence. For

are also paying for the added value service and amenities that go with the drink - just as people pay far more for food in a restaurant than for food bought for the home. SATISFACTION

Yet, according to prices data collected in 1987 by ERC Statistics international, the price differential between pubs and off-licences in the UK is far lower than between bars and off-licences in other countries – just 1.7 in this country against 2.3 in the USA, 3.1 in Belgium, 3.5 in France and West Germany and 3.8 in Italy.

A good indication of the value for money offered by British pubs can be seen in the fact that nearly half (48 per cent) of the people who eat out at lunchtime normally do so in a pub – in spite of the vastly increased range of alternatives which have grown up in the last few years. Even in the evening, 26 per cent of those seting out normally do so in a pub. (MORI, April 1988).

In a survey carried out by Nielsen, the vast majority of both British travellers and foreign visitors to Britain agreed the pub was good value. Ninety three per cent of the British and 98 per cent of foreigners and the ruth was extremely to fairly said the pub was extremely to fairly

Although 38 per cent of British said the pub was extremely or very good value, only 30 per cent said the same of foreign bars they had visited.

Foreigners' vote of confidence in the British pub was even greater. Fifty two per cent thought the British pub was extremely or very good value. This contrasts with only 34 per cent who thought the sama of bars in

## The pub's enduring popularity

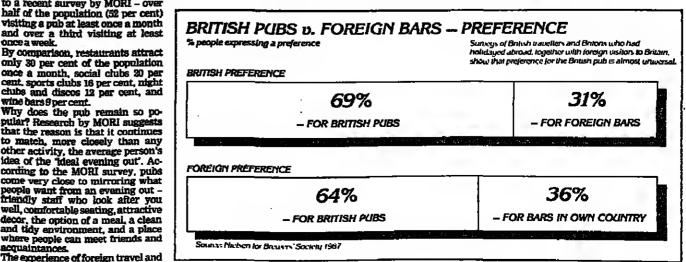
British way of life for hundreds of years - as much a part of the community as the church, the school or the village hall. Today it remains by far the most popular leisure pursuit outside the home with - according to a recent survey by MORI - over half of the population (52 per cent) visiting a pub at least once a month and over a third visiting at least

By comparison, restaurants attract only 30 per cent of the population once a month, social clubs 20 per cent, sports clubs 16 per cent, night chubs and discos 12 per cent, and wine bars 9 per cent.

Why does the pub remain so po-pular? Research by MORI suggests that the reason is that it continues to match, more closely than any other activity, the average person's idea of the 'ideal evening out'. Ac-cording to the MORI survey, pubs come very close to mirroring what people want from an evening out -friendly staff who look after you well comfortable seating, attractive decor, the option of a meal, a clean and tidy environment, and a place where people can meet friends and acquaintances.

The pub has been at the heart of the exposure to many different types of other countries which they have vi- own countries.

bar does not seem to have lessened the average Briton's appetite for the pub back at home. In a survey carried out by Nielsen, nearly seven out of ten Britons (69 per cent) said that they prefer British pubs to bars in their other bars in the pub's continued wide populative. The pub's continued wide populative in an age of fast changing consumer demands and tastes is a tribute not just to its long tradition in the same survey that they but to its success in constantly prefer them to the bars in their other bars in their other bars in the problem in the problem



Jordan delays bank

loan repayment

By Norma Cohen and Victor Mailet

THE Jordanian Government

has for the first time delayed repaying an instalment of a syndicated commercial bank

loan, reflecting the severe nature of the country's foreign

exchange shortage, bankers in London and in the Gulf said

in the capital Amman, meanwhile, police used martial law to close the offices of dozens of

money-changing bouses, which had hitherto been tolerated as a conduit for foreign currency

Their licences were with-drawn because of "continuous

violations despite previous warnings from the Central Bank," Jordan radio amounced The Government is

particularly concerned about a renewed bout of capital flight

from local savings into depos-

The crackdown came amid increasing pressure on the Jordanian dinar, and speculation that Jordan might reverse its

yesterday.

## Industrial output | Second Westland crash revives controversy in India in China falls 11% in January

By Colina MacDougall

CHINA'S industrial output fell in January by nearly 11 per cent because of the current austerity programme, the Xin-hua news agency reported. The

nua news agency reported. The sudden drop below December levels suggests Peking is brak-ing the economy too hard. At the end of last month Gu Xiulian, governor of Jiangsu, one of China's richest prov-inces, confessed she lay awake fretting about the economy. "I have not been able to eleep well these last few days," she said. "I have been worrying about production decline and

energy shortages."
Madam Gu has reason for alarm since the Canton-based Asian-Pacific Economic Times recently reported that in south Jiangsu where industry has boomed in the past decade, about one third of enterprises were idle for lack of capital, energy and raw materials.

Last autumn Peking clamped down on economic growth to restrict soaring inflation and growing industrial chaos. The annual growth rate for industry last year was 18.8 per cent, in contrast to a target of around 8 per cent. Cuts in construction and investment were imposed, which bave just

begun to bite.
Stagflation, a worrying mix
of industrial stagnation and rising prices, is now seen as a serious risk by senior Chinese economists. Officials in Peking, Shangbai. Tianjin and the industrial north-east claim there are dangers of dramatic drops in production, the China Daily reported, because of the severe restrictions on borrowing, much higher interest rates, shortages of raw materials and growing materials

#### **Khomeini** backs political amnesty

AYATOLLAH Ruhollah Khomeini, Iran's spiritual leader, has agreed to an amnesty for political prisoners, Tehran Radio said yesterday, Reuter reports from Nicosia. The radio quoted him as urging the families of those released to keep them out of further troubles, indicating that the measure applied mainly to young members of left-wing opposition partiee, called grouplets in Iran.

It said 900 prisoners would be excluded from the amnesty. 10th anniver sary of Iran's Islamic revolution. The most recent official figure for political prisoners in Iran, made public a year ago, put their number at about

The measure was proposed by Mr Mohammad Mohammad Reyshahri, the Internal Security Minister, who said armed opposition groups no longer posed a threat to the Islamic

The radio did not give the terms of the amnesty or the number of prisoners affected but Mr Reyshahri said all but 900 "grouplet prisoners" would benefit. There was no mention of repentence, a condition previously observed in pardoning

individual political prisoners.
"I hope the respected families of grouplet prisoners will advise their children not to take actione which would cause inconvenience for them-selves and their relatives again." Ayatollah Khomeini said in reply to Mr Reyshahri. Hundreds of non-political prisoners have been freed or had their sentences reduced this month to mark the 10th

## Last month the Asian-Pacific Economic Times noted that

factories did not have enough cash to bny materials and stores could not fill their shelves. Some enterprises could not pay wages. In Shang-hai the working week had been cut from seven to five days, and in Shenyang in the nor-

th-east it was down to two to three days. At the same time there is no real sign of a fall in inflation.
While details of January's performance are still scarce, Mr
Thomas Chan, the respected
Hang Kong economist, recently predicted continuing inflation on the basis of October-December 1988 figures. Grain prices rose fast in November and were unlikely to fall before the harvest next summer, he pointed out, while the money supply and the trade deficit

continued to grow.

Corruption is continuing to compound economic difficulties, with a new scandal affecting the China Welfare Fund for the Hendicapped which is headed by Deng Pufang, crippled son of Deng Xiaoping, the paramount leader. The Sichuan branch of the fund has been caught importing watches duty-free under the guise of

Only three weeks ago Deng Pufang denied that his fund had any improper connections with the Kangbua Company which last year was investi-gated by Peking authorities for its activities, particularly in Hong Kong. Originally Deng

set up Kanghua to generate profits for the Fund but in 1987, he said, connections were

#### Correction

The Hinduja Group IN AN article published on

February I dealing with indian telecommunications, we referred to the Hinduja Group as having made its wealth from arms trading in Iran moder the Shah. We have sub-sequently learned that this was incorrect and we apologise for any embarrassment and inconvenience caused to the Hinduja family. In fact, the group's activities in Iran covered trading in a wide range of raw materials and commodities, as well as the supply of plant and machinery for power generation and other projects.

The article also referred to acted as intermediaries for the Swedish Bofors group in its controversial weapons sale to India. The article should have made it clear that these allega-tions have been consistently denied by the Hindujas. The Indian Joint Parliamentary Committee, which examined the contract and reported in April, 1988, concluded that no intermediates had been intermediaries had been involved. No specific evidence has been brought out to prove that the Hindujas had been involved in this deal.

#### S African hunger strike grows

The Blask Sash civil rights group said vesterday that 105 black prisoners in Port Eliza-beth have joined a hunger strike, bringing to about 300 the number of detainees threat-ening to starve themselves to death unless they are freed or charged, Agencies report.
Twenty detainees at the Dispkloof Prison in Soweto are in
the third week of a fast.
Another 53 joined the protest two weeks ago and a further 118 on Monday.

By David Housego in New Delhi

THE CRASH of a second British made Westland W-30 helicopter in less than eight months is seen here as bound months is seen here as bottom to revive press and parliamen-tary controversy over the acquisition of the aircraft under a £65m ald grant from

Britain. The belicopter, belonging to Pawan Hans, the Indian oper-ating group, went down in Nagaland in North East India killing three of the six passen-gers an board. The six were all employees of the company.

There was no immediate

explanation for the crash which apparently occurred in good weather. Westland's office in Delhi said yesterday that the Director General of Civil aviation had attributed the first crash in July, in which six people were killed to

"pilot error".

Westland wants the report,
which it says ruled out technical causes as a source of the crash, published in India to help clear Westland's name of widespread charges against the helicopter of technical faults and malfunctioning. Westland provided 21 W-30 helicopters to India of which 19 now remain. No more have been sold since.

The crash comes at a time when Westland is beginning delivery to the Indian navy of delivery to the Indian navy of 20 Sea King MK 42-B anti-sub-marine and anti-ship helicop-ters. The crash also comes on the eve of a visit to India by Lord Young, the British Trade and Industry Secretary, (pic-tured right) for a meeting of the two countries: joint eco-nomic commission. The sale of the W.30 helicophers to India nomic commission. The sale of the W-30 helicopters to India

was sealed after intervention by Mrs Thatcher with Mr Rajiv Gandhi, the Indian Prime Minister.

With Parliament reconven-ing for the February budget session and Mr Gandhi on the defensive after his defeat in the Tamil Nadu state assembly elections, the crash could pro-vide fresh ammunition against

In an effort to ressure Indian opinion Westland and Rolls Royce, which provided the engines, have kept six people on in India to provide

Of the 19 helicopters, nine i are based in Bombay on off-shore work, five in Delhi and all but one of the rest in the mountainous north, Servicing these is said to have presented problems because they operate on a single station basis and in widely scattered areas. The Director General of

Civil Aviation flew up to the crash site yesterday at Dimapur in Nagaland. Westland officials were seeking permission to go to the area which is normally banned to foreigners.



on July 26, 1984. The seven-year loan had a three-year grace period with principal due in nine equal semi-annual instalments, ending in 1991. J Jordan is up to date on interest

payments.

Earlier this week it emerged that Jordan had taken the unusual step of withdrawing from the market another \$150m.

seven-year loan which was being syndicated by some of

the same banks involved in the

rollover. The interest rate on the new loan, at an initial % per cent over the London interbank offered rates, was much more attractive to lenders than the % per cent margin on the earlier loan.

Jordan's foreign currency

shortage has been exacerbated by a reduction in remittances

from Palestinians living in the Gulf. The position is likely to be further worsened by the

expiry at the end of 1988 of a 10-year-old agreement whereby the Gulf states subsidised the Arab countries facing Israel.

Saudi Arabia, the only coun-

try to meet its commitments in

full, recently made a final payment of \$59.5m to Jordan, although it may continue to provide some kind of balance of payments support. Jordan's total foreign debt is estimated

at about \$6.5 bn, of which more

than half is military debt, and its debt service obligations as a proportion of exports have, been rising steadily in the

## Mujahideen step up attacks on key roads

Mnjahideen yesterday stepped up attacks on the two main roads north out of Afghanistan to the Soviet Union and on the Afghan capital of Kabul

As the security eituation continued to deteriorate the first UN airlift of relief supplies to Kabul remained grounded in Islamabad because of the dan-ger of flying into the Afghan

Tass, the official Soviet news agency, said that 12,000 guerril-las were concentrated along the main route north from Kabul through the Salang pass to the Soviet border and another 5,000 were deployed along the western road leading north from Herat.

The treacherous Salang route passes through a tunnel and a narrow pass making it easy to attack. The Soviet forces have set up 199 fortified guard posts along the ronte and as the Soviet withdrawal nears an end they have started handing them over to Afghan troops loyal to the Communist regime of President Najibullah. Yesterday they handed over the posts on the first 50 miles out from Kabul. The Mujahideen are putting

maximum pressure on the Afghan forces in an attempt to force as many as possible to defect and speed up the col-



Afghan government troops on training exercise in Kabul

lapse of the Kabul regime. Simultaneously, Soviet forces were also handing over stretches of the main highway running north to the border through the western province of Herat and encountering the "On some stretches in both

directions, opposition groups tried to attack and hamper the transfer of posts and other mil-itary facilities, but encountered a powerful response;" Tass

The roads are the two main land routes out of Afghanistan for an estimated 15,000 Soviet

troops. Soviet forces are lifting as many troops as possible out by air but a number have to go by road to take heavy equip-

by road to take neavy equip-ment and vehicles.
Guerrillas launched another rocket attack on Kabul last night. The Soviet army has now evacuated Kabul except for some military advisers and about 1,000 troops concentrated

about 1,000 troops concentrated around the airport.

The Boeing 707 chartered from EgyptAir by the UN to take 32 tonnes of emergency supplies to the beleaguered capital remained on the runway at Islamabad Airport, the crew apparently fearing for their safety.

The flight was to be the first in a series to transport 390 tonnes of supplies in the next week. UN officials say they now hope to begin the airlift tomorrow using an aircraft chartered from another airline.

chartered from another airline. Some Afghan guerrilla leaders and western governments have spoken out against the airlift, saying it could prolong the life of the Kabul regime. A spokesman for the resistance alligness and they could not

alliance said they could not ensure the safety of the flight.

There are thousands of men with missiles all the way from here to Kabul. It is not possible for us to contact each and for us to contact each and every guerrilla and tell him it is a UN plane."

# previous policy by rescheduling some debts and even by seeking assistance from the International Monetary Fund. Money-changers had been trading at around 660 fils to the dollar, compared to the Central Bank rate of 570. There are 1000 fils to the dinar. Bankers say Jordan asked Bankers say Jordan asked Amman-based Arab Bank, the paying agent, to roll over for three months a principal payment of about \$16.5m due on a \$150m syndicated loan signed

## Australian court firms up anti-trust rule

Labor wins in west for third time running

By Chris Sherwell in Sydney

A LANDMARK court decision against Australia's largest company has reaffirmed the place of competition in the country's increasingly concen-trated markets, and in the process buttressed the Govern-ment's anti-trust agency. The decision was handed

AUSTRALIA'S Labor Party, in what has been dubbed one of

the greatest political escapes in

history, has been returned to power for a record third suc-

cessive time in the state of

Mr Barry MacKinnon, leader

of the Liberal and National

party coalition, reluctantly conceded defeat yesterday after

day's poll indicated his oppo-nent, Mr Peter Dowding, would

win a clear majority in the state's 57-seat lower house.

Counting was continuing last night, but analysts said Labor would secure a margin

of at least three seats and per-

haps even five after full distribution of all voter preferences. The coalition was expected to

control the upper house. The results showed Labor suffered a haemorrhaging of

electoral support, giving the

voting trends from last Satur-

Western Australia.

leum producer, against a lower court decision favouring Queensland Wire Industries. At issue was an allegation that BHP had used its substanthat BHP had used its substantial market power in steel and steel products to refuse to supply "Y-bars" to Queensland Wire. Y-bars are essential components in the manufacture of steel posts used to construct star picket fences.

But the court's finding has far wider implications not

party a sombre warning ahead of the next federal election and

polls in South Australia,

Queeneland and Tasmania, expected over the next 12 months. Nevertheless they

added up to a repetition of the

party's narrow victory in Vic-toria last October. •
For the opposition at state and federal level, the outcome

is damaging. Over the past 18 months it has managed a big victory over Lahor in New South Wales, but has now lost

nationally and in two states.

Limited benefit has come from the sharp swings away from Labor because the vote has either been lost in Labor strongholds or defected to

minor parties - in the case of Western Australia, notably, to

a new but influential group

called "Greypower", represent-

Commission, which enforces commission, which enforces the laws governing market dominance. It has seen the case as the first big test in years of the important Section 46 of the Trade Practices Act, which prohibits a misuse of market power.

Halling yesterday's outcome for clarifying Section 46, Pro-fessor Bob Baxt, the Commis-

not only for Mr MacKinnon, whose future as state opposi-

tion leader must now be in

doubt, but also for Mr John

Howard, who has led the coali-tion federally since 1985. Lib-eral party officials insist his

position is not threatened, but

many analysts feel he remains

more of a liability than an

and others agreed that disunity in the coalition was a big fac-tor in its disappointing show-ing. Disaffection with Labor

was not matched by voter con-

fidence in the capacity of the Liberals and Nationals to gov-

Also working against the opposition were Mr Dowding's charisma, which made Mr MacKinnon seem dull, Labor's

stronger financial backing, and

Mr Mackinnon, Mr Howard

section of the act is critical to the preservation of real competition and especially to the

interests of consumers and small business."

BHP said it was disap-pointed, but refused further comment until it had studied the complex 47-page judgment. The court sent the case back to the lower court to implement its orders, which are expected to include the matters of damdown yesterday by the High ponents in the manufacture of court in Canberra, the highest court in the land, which unanimously dismissed an appeal by Broken Hill Proprietary (BHP), Broken Hill Proprietary (BHP), least for the Trade Practices

WHE. 1-value and manufacture of for clarifying Section 46, Professor Bob Baxt, the Commission's chairman, declared: "In an Anstralian economy increasingly marked by congess, costs and future market dealings between the litigants.

Inc" - the Labor government's

embarrassing and costly record of involvement in and with

local business.

Mr MacKinnon said yester-

day there would be further embarrassing revelations in relation to the collapse of Roth-wells, the Perth-based finance house. He called on Mr Dowd-

ing to stand by his promises to the electorate that his govern-ment would be fully account-

It was a distillusioned Mr Nick Greiner, elected Liberal Premier in New South Wales a

year ago, who called the out-come in the West "one of the greatest political escapes in history". Other Liberale blamed a hiased local press, owned by Laboraupoving

owned by Labor-supporting

entrepreneur Mr Alan Bond. The election, they said, was like "Watergate without the Washington Post."

## ISRABL yesterday admitted troops were forced to open fire that a US Government report on demonstrators in self-de-

Israel tries to limit effect

of damaging US criticism

By Andrew Whitley in Jerusalem

Palestinian uprising in the occupied territories would inflict severe damage on its public image in the West.
Foreign Ministry officials said, however, Israel felt the underlying basis of support for the Jewish state would remain was feeded. unaffected.

Three more Palestinians meanwhile died yester-day – one during a prison riot – bringing the unofficial death toll over the past 14 months to more than 380. At least 14 others were injured, several of them critically, at the Megiddo Prison in northern Israel when a guard opened Israel when a guard opened fire on demonstrating prison-

A Foreign Ministry statement said the annual State Department report on human rights around the world did not take into consideration the "overall context of events" and the "continuous presentations are stated to the "overall context of events". the "continuous provocation" in the West Bank and Gaza

Unexpected support for the Unexpected support for the document's thrust came from a former army chief of staff, Lt Gen Rafael Eitan. Gen Eitan, now a right-wing parliamentarian, said the occasions when

ince were rare.

The restrained official? response apparently reflected a. high-level decision to let the storm blow over as quickly as possible. No senior minister made any public comment yes-terday while a planned televi-sion interview with the army's chief spokesman was cancelled at the last minute on the orders of Mr-Yitzhak Rabin, the Defence Minister.

Turning aside the unexpect-edly harsh criticism of Israel's conduct, Mr Benjamin Netany ahu, Deputy Foreign Minister, said Israel was in "a state of war" directed by the Palestine Liberation Organisation, directed against Arabs and Jews alike. He claimed the PLO had been responsible for the deaths of 66 local Palestin-

Officials argued that the scope and contents of the report had been made possible by the fact Israel was both a democratic country and an open society, in which information could be freely gathered. The implicit comparison was with other Middle East countries. tries where human rights investigators are usually denied access to information.

## Icy relationship melts in new-found Soviet-Israeli warmth

Andrew Whitley and Judy Dempsey report on diplomatic manoeuvres to restore links between Tel Aviv and Moscow

HE recent victory of Israel's basketball champions, Maccabi Tel Aviv, over the Red Army team, CSKA Moscow, in the Soviet capital represents a small but significant milestone in the rapidly improving milestone in the rapidly improved in the rapidly improving milestone in the rapidly improving milestone in the rapidly improved in the rapidly i improving relations between Israel and the Soviet bloc.

Basketball has done the job per-formed by table-tennis between the US and Chine during the Nixon administration. During the Six Day War in 1967 the Soviet Union, fol-lowed by all of Eastern Europe except Romania, cut ties with the Jewish state.

More than two decades later, Soviet officials are beginning to admit openly this was "a mistake" they would like to rectify.

In a meeting in Paris this month between Mr Eduard Shevardnadze, the Soviet Foreign Minister, and his new Israeli counterpart, Mr Moshe Arens, the Soviets agreed to an upgrading of the Israeli consular delegation which has been in Moscow

since last July. Senior Soviet diplomats have been in Israel for the past 18 months, ostensibly to settle outstanding issnes concerning Russian Orthodox church property.

Recently, Moscow's praise for Israel over its efficient handling of last autumn's Soviet hijack escatural co-operation of more symbolic

The pace of trade contacts between Hungary, Bulgaria and Poland and Israel has perceptibly quickened over the past year in tandem with the improvement in diplomatic Following a visit by a Hungarian

trade delegation to Israel last month, the two countries have sharply reduced customs tariffs and cut the list of goods requiring an import licence. As a result of the agreement, trade officials in Budapest say they expect exports to increase significantly.

The Hungarians, who opened a direct air link to Israel last year, are looking to purchase food

pade, and its subsequent help in con-

nection with the Armenian earth-

quake disaster, has been almost embarrassingly fulsome. Where Moscow has signalled the way, its allies, notably Poland, Bul-garia and Hungary have forged

ahead, re-establishing solid trade,

communications and consular ties

over the past two years.

Last month, Mr Jeno Vancsa, the first Hungarian minister to visit

Israel since 1967, went further. After

signing an agreement on agricul-

processing equipment and computers from the Israelis. In 1988, bilateral trade amounted to \$25m, an increase of more than \$14m on the previous year. There are signs that Bulgaria,

too, has been prompted by Moscow's more flexible policy to take a more pragmatic look at trade relations with Israel. Last October, Mr Ariel Sharon, the Israeli Ministry of Industry and Trade, held talks with officials in Bulgaria, which, like Czechoslovakia, has adopted a consistently hostile public stance towards Israel since 1967. Although the Bulgarian media

released few details about the talks,

than practical value, he forecast full

diplomatic relations could be re-es-

tablished "within three or four

months". This was later confirmed

by the Hungarian prime minister,

Bulgaria, proud of its reputation

for protecting its Jewish population during the Second World War, has

similarly indicated an intention to

establish consular relations with

Israel shortly, together with direct shipping and air links.

making amends are Czechoslovakia

The laggards of Eastern Europe in

Mr Niklos Nemith.

an Israeli newspaper reported that the two sides had agreed to "practical means of promoting bilateral relations". According to official Israeli figures, Israel imported goods worth only \$2.2m from Bulgaria last year, sending \$1.6m worth in return.

ing pensioners.

The trend has implications a skilful Labor campaign to sbake off criticism of "WA

Poland, which like Hungary has hosted an Israeli interests office since 1986, also expects bilateral trade to improve and is negotiating with Israel to open up direct air links.

East European diplomats suggest that the Soviet Union is not far behind in exploring ways to step

up trade contacts with Israel. and East Germany. But even in East

Berlin the ice is melting, to the extent of discussing with world Jewish leaders the question of compen-sation for Nazi Germany's crimes against the Jewe - something the East Germans dismissed in the past. Mr Yitzhak Shamir, Israel's Polish-born Prime Minister who has no

love for communism, has modified his views considerably about the role he is willing to let the Soviet Union play in Middle East peace Although Mr Shamir insists the

Soviets should restore full relations before they can play joint hosts to direct negotiations between Israel and the Arabs, the gap between the two sides has narrowed noticeably. The most stubborn Israeli critics of President Mikhail Gorbachev'e

policies towards Soviet Jews have been forced to admit that changes of substance, as well as style, are taking place. In 1988, more than 20,000 Jews left the Soviet Union. This is the highest figure since 1980, according to the Geneva-based Intergovernmental Committee on Migration, although

still well below the 51,328 who left in All of the known prisoners of con-science Israel calls "Prisoners of Zion" have been released from Soviet jails, while the backlog of refuseniks awaiting permission to emigrate has been drastically

reduced over the past year.

The decision of barely 7 per cent of last year's Jewish emigres to set-tle in Israel is deeply galling to Mr Shamir and his colleagues, but there is little they can do about it. Manoenvres with the US and the Netherlands, which represents Israel in Moscow, to press departing Jews into coming first to the Promised Land have so far come to naught.
What lies behind this sudden rush of warmth from the Soviet bloc is not entirely clear. Mr Gorbachev clearly wants improved contacts with Israel as part of his efforts to promote an international Middle

East peace conference.

Mr Aleksandr Bovin, political commentator of Izvestia, the Soviet daily, said recently. "If we are to play an even more active role in the Near East, of course we need to have representatives of our own in Tel

Beyond that, hard currency earnings from exports to Israel are often cited in explanation. But the figures do not yet bear this out. Israel's own motives are self-evident: springing from an anxiety to reduce the country's international isolation, especially at a time when it faces another wave of criticism in

the West over the Palestinian ques-

Foreign Ministry officials in Jernalem believe the Soviet Union and its allies regard better relations with Israel as a key to a much more vital target the US. Israel, they claim, is seen as a stepping stone towards access to US markets and financial largesse, along with World Bank and IMF assistance. Not for the first time, the imagined vast power of the Jewish lobby in the US appears to be serving Israel's interests.

#### N Korea calls off talks with southern MPs By Maggle Ford in Panmunjom

A MILITARY exercise between: A MHITARY exercise between
South Korean and US troops
has emerged again as a stumbling-block to progress towards
peace on the Korean peninsula.
Following a strong complaint against the exercise during a high-level meeting yesterday, North Korea called off
talks planned for tomorrow
between parliamentarians in
protest at the South's failure to
respond.

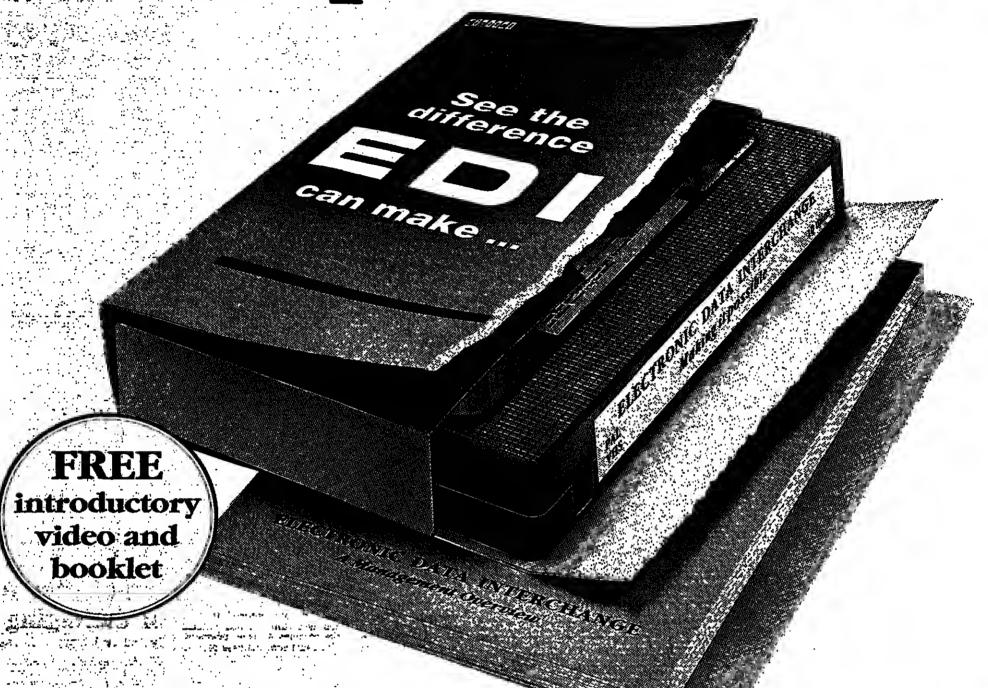
espond. The two sides had fielded top The two sides had fielded top level delegations, including military representatives, at the meeting yesterday to prepare for Prime Minister's talks in the border village of Panmunjom. It followed last week's visit to the North by Mr Chung Ju Yung, the founder of the Hyundai business group.

Meanwhile, it was revealed that North Korea had loined

that North Korea had joined the South in returning to the traditional date for the lunar new year this week for the first. time in nearly 100 years. At the end of the 19th century, the King of the then unified Kores switched to the solar calendar under Japanese influence. Japan annexed Korea in 1910.

India

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## **US** budget plans likely to reflect **Bush ideals**

By Peter Riddell, US Editor

PRESIDENT George Bush will tonight unveil his budget plans, highlighting his determi-nation both in reduce the Fed-

ration both th reduce the rederal deficit and to shift spending priorities to fulfil his
"kinder, gentler nation" campaign pledge.

The proposals, to be ontlined
in a speech to Congress, will
represent only a limited modification of the budget of the
out-oring Peagan Administraout-going Reagan Administra-

especially for interest rates, will be adjusted slightly, to bring them more into line with private sector projections. But this will not after the administration's estimate that the pro-posals will reduce the deficit well below the \$100bn target for fiscal 1990 set under the Gramm-Rudman-Hollings law. There is likely to be considerable scepticism in Congress and elsewbere about the administration's economic

The President will propose limited increases in spending on education, child care, the drug programme and environ-mental protection, notably to mental protection, notably to clean up nuclear plants. These rises will be partially offset by cancelling the proposed 2 per cent real, inflation adjusted, increase in defence expendi-

The defence budget will be held level in real terms in fis-cal 1990 with increases of 1 per cent annually in each of the following two years. This follows lengthy negotiations over the weekend between Mr Richard Darman, the budget direc-

tor, and the Pentagon.
The long-heralded cut in capital gains tax will be limited to non-depreciable assets such as stocks and be structured to benefit those bolding assets for a year or two There is uncer tainty about how far the administration will build into its forecasts the assumption that this tax cut will boost revenue by \$4bn to \$5hn, a claim questioned by Congressional

President Bush has already held meetings with Congressional leaders, including a personal visit to Capitol Hill, in the hope of winning support for his proposals.

## Bush pays the price of unquestioning loyalty to a long-time Texan ally

Lionel Barber looks at the implications of the Tower debacle

R John Tower always believed he was des-tined to be US Defence Secretary. It is a tribute to the force of his personality that, despite all the doubts, he managed to persuade President Bush he was the right man for the job.

If, as many expect, Mr Tower is forced to withdraw his nomi-nation, it would mark a humili-ating setback for the new President and renew ousstions raised about Mr Bush's judgment when he selected Mr Dan Quayle, a junior Indiana sena-tor, as his Vice-President.

for, as his Vice-President.

Mr Bush has always placed a premium on loyalty and Mr Tower is a long-time ally and friend in Texan Republican politics. Bot several of Mr Bush's closest advisers cau-tioned against the choice of Mr Tower when his name first sur-faced after the November election. He was, in one campaign adviser's words at the time, "a busted flush".

The doubts centred on the period after Mr Tower resigned from his Senate seat in 1985. Over the following three years,

barring his time as a US arms negotiator with the Soviets in Geneva, the small, tubby Texan earned almost \$1m in fees as a defence industry con-

His clients included some of the nation's biggest defence contractors including Martin Marietta, LTV Aerospace Rockwell and Textron as well as British Aerospace.

The problem was how Mr Tower, as Defence Secretary, could reconcile these past ties with industry contractors with the need to reduce military spending in an impending era of susterity, and do so in an impartial fashion. It was a dilemma which Mr

Tower never resolved – not least because of his earlier incarnation, while chairman of the Senate Armed Services committee, as a strong advo-cate of the \$2,000bn military build-up under President Rea-

gan.
Then came the personal problems. Mr Tower, the Methodist preacher's son, has always been partial to a good

that, during a difficult second divorce, he had occasion to take the odd drink. He also liked the company of women. But his friends insist that he was a model of propriety and it is widely accepted that many of the allegations against Mr Tower stem from his second

In a different age, Mr Tower may have survived the criti-cism. But Washington today is obsessed by ethics and political morality partly stemming from the President himself who has declared that he wants to avoid even "the perception of wrong doing". Judged by this standard Mr Tower looked doomed from the outset.

Mr Bush failed to grasp this. Indeed, the events of the past three weeks suggest both a failure of judgment and tactics at the White House. Senator Sam Nunn of Geor-

gia, the Democrat chairman of the Senate Armed Services committee, said on the first day of Mr Tower's confirma-tion hearing that an FBI inves-tigation had only cleared the Texan early in January.

statement by Mr Bush who introduced his nominee in December saying the FBI had given Mr Tower a clean bill of health.

Last week, the committee heard Mr Paul Weyrich, a prominent Washington conservative, claim that he had frequently seen Mr Tower drunk.
Further allegations followed, forcing the committee to request another FBI check and a delay in the confirmation vote. The White House, sensing that the longer the delay in the vote, the less chance Mr Tower had of being confirmed, then made what looked yesterday to be a fatal mistake.

On Tuesday morning, a mid-die-ranking White House offi-cial gave a briefing to the minority Republicans on the committee on the latest FRI report. Senator John Warner of Virginia, the centur Republi-Virginia, the senior Republi-can, who until that point had presented a united front with Senator Nunn, broke ranks and called for an early vote. Senator Nunn was outraged at this crude power-play which



lower: would find difficulty reconciling former ties with

may have stemmed from impa-tience on the part of Mr John Sununu, the new chief of staff, Whatever the case, Senator Nunn rejected the Republican emands for a vote. He then virtually killed any

chance of Mr Tower being con-firmed by issuing a statement saying that if a vote was taken immediately, he would vote

aroused by the Tower affair will take some time to heal They represent, too, a damag-ing setback to Mr Bush's pledged desire for hipartisan-

ship and co-operation with So why did Mr Bush stick so long to Mr Tower? Two years ago, at the height of the Iranago, at the height of the Iran-Contra arms-for-hostages scandal, Mr Tower, heading a blueribbon panel investigating the affair, delivered a report which was scathing in his criticism of President Reagan but spared Vice-President Bush. When Mr Tower came calling last year for the Pentagon post, Mr Bush was well placed to make him an offer. The task for the President is now to undo the dam-

dent is now to undo the dam-

MR James Baker, the US Secretary of State, yesterday appeared pleased at the prog-ress of talks with West German ress of talks with West German Chancellery Minister Mr Wolf-gang Schauhle on controlling the export of components for nuclear and chamical weapons, the State Department said, AP reports from Washington. Mr Baker met with Mr Schauhle, who is in charge of special tasks for the Chancel-lor's office, as part of regularly

**US-German** 

progress on

control of

**N-exports** 

special tasks for the Chancellor's office, as part of regularly scheduled talks between the two allies, said Mr Charles Redman, spokesman for the State Department.

The main topic of conversation was the enhancement of West Germany's export controls, Mr Redman added.

The US has been pressing West Germany to crack down on firms selling components that can be used to make nuclear and chemical weapons, in the wake of reports that West German companies sold West German companies sold such items to Libya, India, Iraq and Iran. Mr Baker last week met

West German Economics Minister Mr. Helmnt Haussman to discuss the same subject.

Mr Schauble is also scheduled to meet with Senator John

Glenn, a member of the Senate Armed Services Committee, and with White House officials.

#### Peruvian Navy fights fish deal

By Veronica Baruffati

THE PERUVIAN Navy has objected to the recently-signed fishing agreement between the Peruvian and Soviet state fishing companies, Epsep and Sev-

Strong recommendations have been made for structural changes in the original con-tract which, according to an unpublished navy document, violate the constitution and

jeopardise national security.
The navy wants to be consulted, via the Ministry of Defence, on all future contracts with foreign powers which

affect Peru's waters.
It also suggests inclusion of a clause in the contract requiring Soviet vessels to report their position daily.

## and Tobago bids au revoir to prosperity

to its poorer neighbours, and to some multilateral institutions, Trinidad and Tobago has, for the first time, been forced to borrow from the International Monetary Fund to pull itself out of an economic

quagmire.
The IMF has approved a stand-by loan, following a compensatory finan-cing agreement reached late last year. Creditor banks are expected to reschedule payments on a large part of the Caribbean republic's foreign debt. Although Trinidadian spirits have been bouyed by the agreements which will shore up the crumbling economy,

the Government is encountering increased local opposition to austerity measures which it is implementing. Following the announcement of a 10 per cent reduction in wages to the country's civil servants, Mr Ray Robinson, the Prime Minister and Finance Minister, is being threatened with a general strike. "There are few civil servants who have 10 per cent of their salaries in disposable income, said Mr Kenrick Rennle, president of the Public Services Association. Other unions say they will join forces to The civil servants' union has taken

the Gatt, Mr Dunkel said.

securing its approval.

Several countries called on the US to withdraw trade sanc-

tions it had imposed one-sid-edly without notifying Gatt or

Deputy Trade Representative, retorted that unilateral action

did not come from "only one

He cited Brussel's recent

announcement that it would impose tougher "rules of ori-gin" on semiconductors pro-

Gatt's trade-liberalising Uru-

guay Round and the multilat-

eral trading system were at risk because the US and the EC

were incapable of addressing systematically the most persis-tent cause of trade dispute

between them - agriculture.
The US-EC hormones-in-

the new US Trade Representa-

tive.
After yesterday's debate, Mr

Tran Van Thinh indicated the EC would ask for a Gatt dis-

Mr Michael Samuels, the US

Government is having problems selling an austerity package to the country, reports Canute James

the Government to court to block the wages reduction, and is asking instead for higher salaries and the reinstatement of an inflation-linked cost-of-living allowance which had been earlier scrapped by Mr Robin-

Under the pressure the Government has postponed the salary cuts, which were to take effect this month, and will pay less as from February.

The need for the belt-tightening

which Mr Robinson says is necessary but which promises industrial unrest, is a rapid deterioration in the public finances of the country of 12m people. Trinidad and Tobago depends on oil, but falling production and soft prices have caused severe contraction in the economy. It shrank by 4.5 per cent in 1986, 6.1 per cent in 1987, and an estimated 4 per cent last year. For-eign reserves ran out last July and the Trinidad and Tobago dollar was evalued by 18 per cent. Government officials say the outlook for the economy has brightened with the prospect agreements for foreign financial assistance this year. The IMF standby loan will give the Government access to \$128m, to be drawn down by the end of this year. Earlier the fund had approved compensatory financing of \$109m to cover shortfalls in earnings from the oil sector.

The Government has also obtained an agreement in principle from credi-tor banks for the refinancing of \$450m due between last September and 1992. Under a 10 year programme, the banks will grant a grace period of four and a half years and an interest rate of 9% per cent. With the IMF pro-gramme in place, the banks are expec-ted to approve the new payments

But the Government is having some difficulty selling the austerity pack-age to the country. Mr Selly Wilson, the junior finance minister, recently said that the Government's letter of intent to the IMF contained proposals for deregulation of trade which would reduce protection for some local industries, targets for increasing for-eign reserves and reductions in the

"In the medium to short term there

is going to be some dislocation," Mr Wilson said. "But it is inevitable. You have to adjust and when you adjust then you have to change your life-Mr Robinson, who had earlier fore-

cast that the country would mend its economy in three years, believes that an era which has ended, one of total concentration on the oil sector, earnings from which has pushed foreign reserves to \$3bn at the end of 1982. The petroleum sector's contribution to the Government's revenues fell by a half from 1981 to just under 30 per The implementation of the refinancing package with the banks, and suc-cess in planned negotiations for new payments schedules with Paris Club

creditors will ease one major problem confronting the government. Servic-ing foreign debt will take \$474m this year, \$537m in 1990 and \$337m in 1991. 7 hile admitting that there is little alternative to contin-ned dependence on the oil sector, the Government is trying to broaden the base of the economy, Tourism, fundamental to the economies of many of its neighbours but ignored for long by Trinidad and Tobago, is now regarded as a sector

which can be developed. There are also plans for the creation of free trade zones to increase foreign earnings and reduce the increasing unen ployment, conservatively put at about

Work has started on the exploita-tion of new natural gas fields to fuel the expansion of the country's petrochemical sector as part of new invest-ments valued at \$1bn which the Government wants to implement over the next three years.

next three years.

The economic problems have led to increased criticism of Mr Robinson's policies from the parliamentary opposition. Mr Patrick Manning, leader of the People's National Movement, has attacked the Government's handling of the country's finances and the measures being implemented to solve the problems. He has called for new elections – a suggestion which the prime minister has ignored.

In addition to the disaffected unions, Mr Robinson can expect increasing criticism from a dissident group of the ruling National Alliance for Reconstruction which was expelled after several months of inter-nal bickering and public criticism of the prime minister. The rebels plan to create a new political party this year.

## **WORLD TRADE NEWS**

## EC wins support Algeria to against US trade via Morocco measures in Gatt to Spain

By William Duliforce in Geneva

THE EUROPEAN Community secured widespread condemna-tion of punitive US trade measures in the council of the General Agreement of Tariffs and Trade (Gatt) yesterday but did

not itself escape unscathed.
In a debate which focused initially on the dispute between the US and the EC over hormone-treated beef, many countries backed ths contention of Mr Tran Van Thinh, the head of the EC delegation, that unilateral US trade actions, based on Section 301 of its Trade Act, were endanger-ing the multilateral trading

On January 1. Washington imposed 100 per cent tariffs on European food imports valued at \$100m (£55m) a year in retal-iation for the EC's ban on hormoned-treated beef imports

Mr Tran Van Thinh coupled this action with similar tariffs imposed hy Washington on Brazilian imports because of Brazil's alleged failure to provide patent protection for US pharmacentical products.
Mr Arthur Dunkel, Gatt's

import tariffs were contrary to the General Agreement There was no exception in the General Agreement which could justify the imposition of such tariffs for the particular purpose of inducing another Gatt member to bring its trade Gatt member to bring its trade putes panel to examine the US policies into conformity with retaliatory import sanctions.

Director-General, without naming the US, said discriminatory

# pipe gas

Fez to Tangiers, which lies on the Strait of Gibraltar. The pipeline, due for comple-tion in 1995, will be managed

pipeline was signed yesterday by King Hassan and Mr Chadli The project sets the seal on

duced by Japanese companies in Europe and EC methods of anti-dumping action.

Mr Alan Oxley, Australia's chief delegate, said unequivocal support should be given neither to the EC nor to the countries which only renewed diplomatic relations last May

> ity study.
>
> For its part, Morocco spent \$525m (£291m) importing energy last year and has nearly completed a plan to

#### meat row will be discussed in Washington on February 17-18 when Mr Frans Andriessen, the EC's new Trade Commissioner, meets Mrs Carla Hills, Kuwait Tucano deal involves 16 fighters

KUWAIT'S deal for British-made Tucano military British-made Tucano military trainer aircraft is understood to involve 16 units and an armaments package giving capability for weapons training and counter-insurgency operations, David White, Dsfence Correspondent, writes.

up by the row over Britain's demand that the Kuwait Investment Office reduce its stake in BP. ML Aviation of the UK is acting as prime contractor for weapons.

ALGERIA and Morocco are to build a 2,000-km gas pipeline to carry Algerian natural gas across Morocco to Spain. It will run from the gas field of Hassi R'Mel to the Moroccan border town of Oujda, through

by a joint company in which the two governments will have an equal stake. The agreement to huild a

reconciliation between two

after a 14-year break.
Gulf Interstate, a US Houston-based engineering company, is one of the Western companies approached with e view to carrying out a feasibil-

transform its generating indus-try from oil to coal.

Equipping the Brazilian-designed aircraft for machineguns, rockets and 250lb bombs adds considerably to the purchase cost of about £1m per aircraft that the RAF is paying in the UK for its order of Tucanos. The Kuwaiti contract has been placed with Short Brothers of Belfast.

Conclusion of the deal is sig-nificant, since it had been held

## Desert kingdom sells itself as tourist oasis

Frances Ghiles on economic pressures in Morocco to develop the holiday industry

OURIST guides claim the bar of the Minzah Hotel in Tangiers is a regular haunt for the ghost of Barbara Hutton and tell visitors not to miss the room occu-pied by Sir Winston Churchill at the opulent Mamounia Hotel in Marrakesh.

These sights, however, have not encouraged holidaymakers to abandon European resorts in large numbers in favour of Morocco, a country which relies on tourism as a major source of foreign currency. Morocco's tourist industry last year earned more than \$10n (£57m) as an estimated 2m foreign visitors had a taste of an Islamic culture set amid

spectacular scenery in North Tourism is established as the country's second largest source of foreign income after the \$1.37bn sent home by Moroc-

\$1.37bn sent home by Moroc-can workers overseas. The hol-iday industry is expected to top the list by the 1990s, but Morocco is lagging behind its neighbours such as Tunisia, which last year attracted 3m tourists, and Spain with its annual flood of 40m visitors. Tourism is an important source of foreign currency and has created 50,000 jobs, and has guaranteed work for 150,000 Moroccans working in cater-

ing, transport and handcrafts.
Each new hotel room, costing an average Dirhams 250,000 (£17,240), creates a joh and guarantees another three. It is the cheapest form of job creation, at a time when unemployment in the cities affects a fifth of the population over 20.

Morocco has only 65,000

Morocco has only 65,000 hotels class beds, a fraction of the 105,000 beds available in Tunisia and the 350,000 on offer in the nearby Canary Islands. Agadir, Morocco's Atlantic coast resort, has only 16,000 hotel beds and an annual tourist turnover of 400,000 com-pared with 3.5m soaking up the same sun in the Canaries. Hotel construction has been restricted by a shortage of development space but efforts are under way to release more

More needs to be done in More needs to be done in Agadir and on Morocco'e northern Mediterranean coast if the spread of tourists is to be more evenly spread between the interior — Saharan treks and the imperial city circuit including Fez and Marrakesh, which attracts the bulk of foreign visitors — and the coast.

Another factor obstructing the tourist industry is the cost of holidaying in Morocco. Three years ago, when the Three years ago, when the value of the Dirham was slip-

ATLANTIC OCEAN Tangier Rabat OFez Casablanca · Agadir MOROCGO

**ALGERIA** 

260 miles

about up to a third cheaper. Hoteliers in Morocco argue their service and food is far superior than such competitors but only a few acknowledge the erratic value of stars awarded to hotels by the Tour-

MAURITANIA

La Tour Hassan, the five star hotel which was once the pride of Rabat, has deteriorated markedly since it was priva-tised. Many hotels are not worth the five stars they hold. Others however, such as the Palais Salam, built in the pal-ace of the former pasha of Tar-oudant, offer excellent value for money. Privatising the management of many hotels has had very mixed results. Tourism is unlikely to boom

years old.
There are 15 Ecoles hôtelières which can train 3,000 people, but more are needed. Aggres-sive guides — who flourish in many Moroccan cities — can turn a visitor'e stay into a

The national airline, Royal Air Maroc could also learn to Air Maroc could also learn to treat its passengers with less contempt. Moroccans are aware of these problems, but often too proud to accept criticism from foreigners.

Greater efforts are being made to offer a wider range of entertainment to tonrists. Cheap exoticism does not compensate for the closure the palaces in Fez, Marrakesh and Tanglers to visitors.

Tanglers to visitors.

Religious buildings are, by law, closed to non-Moslems, thus making Fez far less inter-

esting to the visitor than it might otherwise be. Trips to the High Atlas, which affords some of the finest mountain scenery anywhere are virtually impossible to organise unless planned months in advance. Poor promotion also weighs against a faster growth in tourist receipts. The marketing of Morocco is way behind Tunish

until there is a dramatic increase in the low level of training of hotel personnel, 65 per cent of whom are under 20 and many Moroccans still appear to believe their country is so vastly superior to any other destination on offer that Europeans will flock to the kingdom.

Promoting Morocco should be helped by the arrival of international chains such as Trust House Forte and Sheraton which are joining the likes of Hyatt Regency to manage hotels in the country. Since the beginning of the year all banks have been allowed to finance the building

of new hotels, ending a monopoly of the Crédit Industriel et A fifth of all new investment

A finin of an new investments is free and the banks are pre-pared to lend up to 60 per cent of the cost of putting up a new hotel. Building more hotels, improving the service and selling. Manager abroad at the ing Morocco abroad at the right price is a challenge which, if met, should reap rich

## Congressmen hit at Monsanto deal

niconductors.

By Peter Riddell, US Editor, in Washington con wafers used in advanced

PRESIDENT Bush's decision on Tuesday not to block the proposed takeovsr of Mon-santo's silicon wafer operation by Huels of West Germany has been criticised by Congress-men favouring tighter controls on foreign purchases in the US.
Representative James Florio,
joint author of the tongher commit author of the tongner scrutiny powers in last year's Comnibus Trade Act, has questioned the bearer form of the shares in Veba, Huels' parent, and said he does not understand bow the president act. stand how the president could make a decision without knowing who owned the company. This point was not a major influence in the discussions of the Committee on Foreign Investment in the United States, which overwhelmingly backed the deal. This was despite initial Pen-

tagon and Commerce Department reservations on the for-

eign takeover of the last

remaining US producer of sili-

semiconductors.

Mr Jos Dennin, a lawyer with McKenna, Conner and Cuneo, which acted for Monsanto, commented, as a former committee member, that the change from its earlier form was like "night and day".

One problem, he said, was that "we are still operating without written rules and regulations. It's still being done by lations. It's still being done by word of month - by tribal

knowledge."
The White House made no mention of any conditions attached to approval of the But Huels did write to the

Treasury offering assurances about research and develop-ment and defence supplies. Monsanto said the Huels acquisition represented "the best opportunity to strengthen the business and provide a strong manufacturing base and R&D effort in the US".

Louise Kehoe adds from San Francisco: Mr Bush'a decision also disappointed US semicondnctor industry leaders opposed to the sale on the grounds that it would increase dependency on foreign-owned

MEMC (Monsento Electronic Materials Company) is the only major US-owned producer of silicon wafers.

A 1987 Defence Science Board report warned that the US was becoming dangerously dependent on foreign suppliers of several critical materials for the electronics industry. Since then, the issue has become more critical, industry experts

President Bush's decision represents the first significant political setback for the US semiconductor industry in several years, raising concern that the new Administration may be less sympathetic to its

## Hills to push for open markets with Brussels

By Nancy Dunne in Washington

MRS Carla Hills. US Trade Representative, had a message for Europe on her first full day in her new role: "Keep your markets open, and the US will do the same."

Mrs Bills said the US would consult closely with the EC as it moved towards 1992. Meanwhile, she viewed with disfavour foreign investment restrictions, believing that the US, with "enormous" foreign investments of its own, could gain more from a global policy of open investment than it could lose from any constraints

Mrs Hills steered clear of specifics on trade disputes, but was appreciative of policy consistency in a way Congress often is not. She spoke of how, as a Secretary of Housing and Urban Development, she was over agriculture, but the Uruguay Round on deal.

committees to pursue opposite courses.
Embracing President Bush's Embracing President Bush's view of "a government of inclusion, not exclusion", she hopes to develop "sensible" policies by dealing with Congress through frequent consultations. Most of all, she would work closely with her cabinet colleagues, in an Administra-tion weighted with old friends. "Friends can disagree, but they don't surprise people. I believe you bring an issue up early and really work it."

She would represent "all the American people, not a particular state", and implied that those interests must take into account foreign policy and

account foreign policy and national security concerns.

Mrs Hills broke no new ground on the US-EC dispute over agriculture, but insisted the Uruguay Round must not

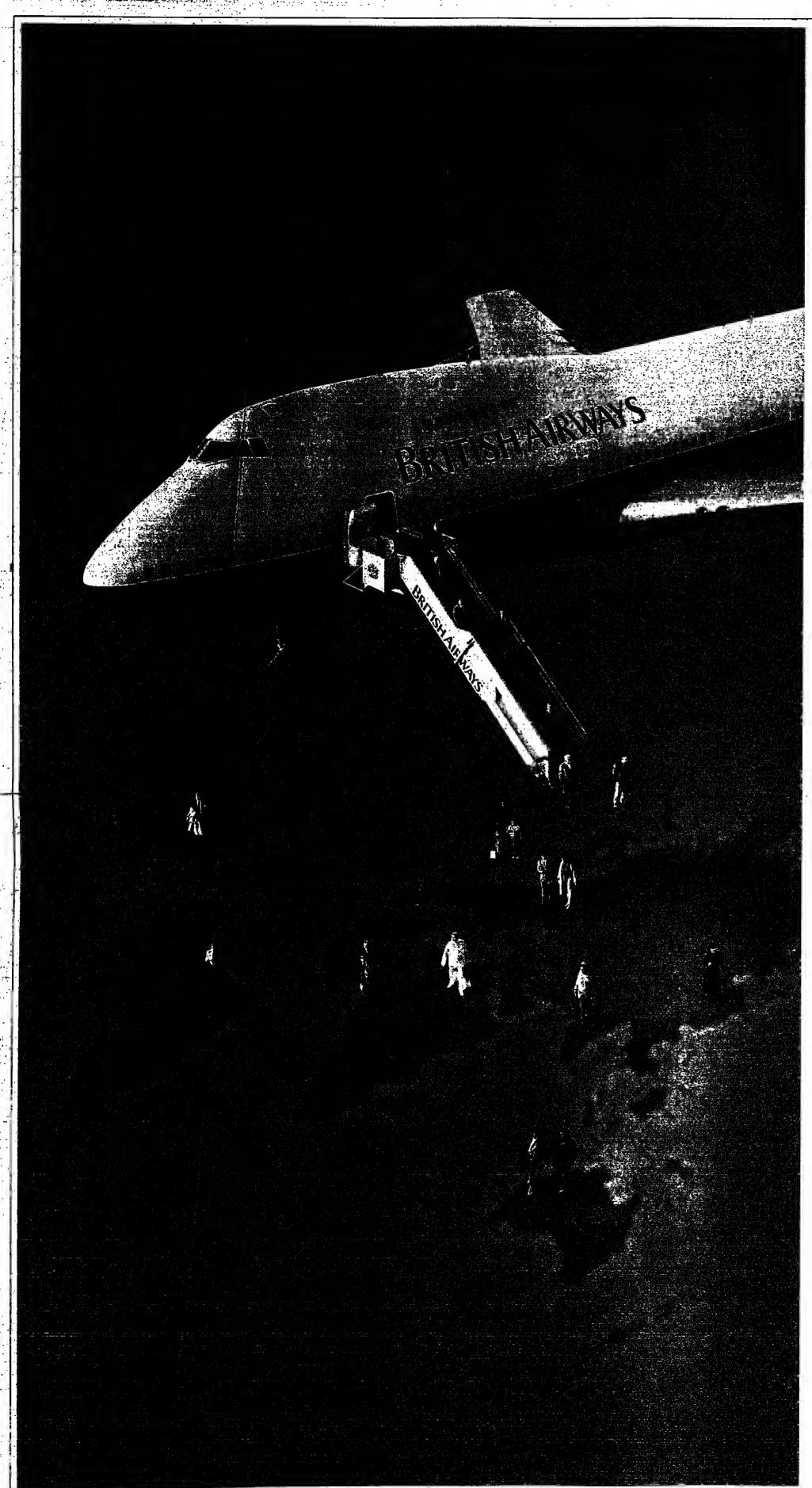
#### up record 8.9% in value By John Wicks in Zurich EXPORTS of the Swiss chemical industry rose in value terms by 8.9 per cent last year to a record SFr 15.86bn (£5.7bn), following an increase

**Swiss chemical exports** 

of only 2.2 per cent in 1987. Pharmaceuticals, vitamins and diagnostics accounted for 41.2 per cent of the 1988 total. Other major exports included organic products (12.4 per cent), dyestuffs and pigments (11 per cent), and agrochemicals (10.9 per cent).

The chocolate industry, another traditional Swiss exporter, saw a 16.2 per cent rise in its foreign sales last year in volume terms to 31,964 tonnes or almost exactly onethird of prodoction. Its main customers are European neighbours and the US.

At the same time, the clothing industry reports an improvement in exports of 15.4 per cent to SFr 842m.



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## Reedpack and Daishowa form newsprint venture

By Maggie Urry

A JOINT venture has been formed by Reedpack, British office products, paper and packaging group, and Daishowa Forest Products, Canadian paper group, to build a £200m newsprint machine in Aylesford Kent coutheast England ford, Kent, south-east England.

Demand for newsprint is strong in the UK because of new newspaper launches and increased pagination. About 70 per cent of the UK's demand for newsprint is imported.

A detailed feasibility study is

under way, and the partners said yesterday there was a strong chance that the decision to go-shead would be taken in the autumn. Mr Paul Allingham, chief operating offi-cer of Daishowa Forest Products, said: "We have done the internal work and the returns are there.

The machine, which will eventually produce 240,000 tonnes of newsprint a year entirely from recycled paper, will take up to 2% years to

It would add to other planned increases in UK newsprint capacity. Shotton Paper, owned by United Paper Mills, a Finnish group, is starting up a second machine in the early autumn of this year.

North British Newsprint is close to completing plans to huild a 200,000 tonne machine in Glasgow. If that goes ahead Kajaani, another Finnish paper-maker, will have a major shareholding. Existing machines can also be made to run faster.

UK N	EWSPRINT C	APACITY (tonnes)
Сотралу	1968	Poteniial1
Reedpack	65,000	340,000 by 1994/95
Shotton Paper	200,000	380,000 by 1990 rising to 430,000-plus
Bridgewater Paper	265,000	270,000 by 1989
North British Newsprint		200,000 eventually following etart-up in 1991
Total	530,000	1.24m
Estimated UK	1 8m²	

If all these plans come to fruition, UK newsprint capacity could rise from about 30 per cent of consumption to 50 per cent, depending on consump-tion growth, squeezing out some imports. Last year con-sumption rose by about 6 per cent but if that rate of growth slowed there could be stiff competition in the market.

Potential production for existing and plan

Mr Peter Williams, chief executive of Reedpack, said: There is going to be a period of over supply. We hope to come on stream just as that period ends." He estimates the market will have grown to more than 2m tonnes a year by the time his machine is ready.

Reedpack was formed by a £608.6m management buy out from Reed International last year. Daishowa Forest Products was Reed's North American operation which it sold to Daishowa Paper of Japan, at about the same time for £284m. Mr Williams was formerly head of the Canadian company. Daishowa Forest Products still supplies some newsprint to the Mirror newspaper, once owned

The 50:50 partnership would involve Daishowa Forest Products putting in cash while Reedpack would contribute assets, in the form of the use of space and services in its huge Aylesford site where Reedpack already has three paper machines. Reedpack has high deht levels and the feasibility study will consider how to

finance the project.

The site has advantages in being close to London provid-ing a good market for newsprint and ample paper for

recycling.

The use of waste paper as the sole raw material is still rare in newsprint making.

## Scottish oil group sells US subsidiaires

oilfield services company, has sold two US subsidiaries to Computalog Gearhart, a Canadian company, writes

The deal, worth \$21.5m, gives to the group an eventual 10 per cent stake in Computalog, which specialises in wireline services, the electronic moni-

JOHN WOOD Group, the toring of gas and oil wells. privately owned Aherdeen Wood Group Wireline Products and Penwood Services are to become part of Computalog Gearhart in return for \$11.5m in cash and \$10m in secured convertible debentures in Com-

putalog. These on conversion will give Wood Group 10 per cent of Computalog's equity. Mr Ian Wood, Wood Group's chairman, is joining Compn-

talog's board.
Computalog, a quoted company, intends to develop Wood Group Wireline Products and to expand overseas in the North Sea, Europe and else-where. Wood Group will manage Computalog's activities in the North Sea.

Wood Group keeps its stake in Swaco Geolograph, a ven-ture with Dresser Industries.

BEGINNELLINGSHIPTING ALL DICK TANDET PARTY AND STATES OF AN INDICATE TANDET STATES

#### To The Holders Of PENGO FINANCE, N.V.

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On April 25, 1988, Chemical Bank, as Indenture Trustee respecting certain 81/2% Convertible Subordinated Debentures Due 1995 issued by Pengo Finance, N.V. and guaranteed by Pengo Industries, Inc., and two Holders filed an Involuntary Petition under Chapter 11 of the Bankruptcy inereaner. P and obtained various extensions of time within which to answer the Petition because of workout negotiations. These negotiations have not resulted in a firm dollar offer to Holders and on December 21, 1988, the United States Bankruptcy Court for the Northern District of Texas signed an Order for Relief adjudicating Pengo Industries, Inc. a "debtor" under the Bankruptcy Code.

Chemical Bank Is represented by Counsel and intends to participate actively in the Chapter 11 case on behalf of the Holders and in fact has been appointed to the Unsecured Creditors Committee. The Holders, however, have a right to be heard in their own Individual capacity respecting matters affecting their interests and may appear personally or through counsel of their choice. At the appropriate time, Chemical Bank, as Indenture Trustee, will file on behalf of the Holders a blanket proof of claim. Therefore, no action on your part is required at this time.

Inasmuch as the Debentures are in coupon bearer form, the Trustee has no Information as to the indentity of most of the Debentureholders. We therefore request that you furnish us, at the address listed below, with your name, address and principal amount of Debentures held.

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## New Sunday | BANK OF ENGLAND BULLETIN newspaper

analysis and description of the gilt-edged securities market two years after the Big Bang deregulation is largely about the past. The sub-text, how-ever, is that there are still too many primary dealers to make the market a going concern.
The scala of the losses incurred collectively by the

The decision to postpone comes as the paper moved closer to its financial target with a commitment from The Guardian and Mancheste has flowed into the market since October 1986. Moreover, there is little indi-cation from the Bank's review to suggest that the situation is Evening News, the holding company that publishes The Guardian, to invest £2m in the project. It is still £2.5m short of its target. More than 13 investors, many of them blue-chip venture capital

groups, have already commit-ted to the project.

Backers include Prudential Venture Managers, Global Investment Trust, Framlington Trust, Hambro's and Barclays De Zoete Wedd Investment

postpones

launch day

Sunday Correspondent, the planned new quality newspa-per, has decided to postpone

its launch until the autumn

because it has taken longer than expected to raise £16.5m in funding, Raymond Snoddy

The recently-launched Inde pendent newspaper moves towards flotation on the Unlisted Securities Market

early next year. Shareholders have been told that barring unforseen circum-stances the directors will rec-ommend going for a listing in the first quarter of 1990 after the accounts for the year to September 30 1989 are avail-

Shipyard debts

Hall Russell, the Aberdeen shiphuilders, the last remaining shipbuilding facility on the Scottish east coast, went into receivership last Novem-ber with debts of £10m. Unsecured trade creditors would receive nothing, Cork Gully, the receiver, said.

Switch to Scotland

Magna, a plastics moulding manufacturer based in West Berlin, is to establish a £1.8m plant in the Scottish High-lands. It is setting up a manu-facturing plant in the Ivergordon enterprise zone, north of Inverness, with £300,000 grants from the Highlands and Islands Development Board.

Savings rate stable Britain's rate of national savings - the sum of private and public savings in the econ-omy - has been stable

throughout the 1980s, the Treasury said. The savings level was similar to France and Canada and substantially higher than in the US, it said. However, it was well below the levels in

Sun Oil discovery

Sun Oil Britain has discovered oil in the central North Sea about 125 miles west of St Fergus, just to the north of the Montrose field. The find came in Sun's first exploration well

Lancia franchise

Fiat Auto (UK), the Fiat wholly-owned British importer, is regaining control of the Lancia car franchise held for the past six years by Mr Gerald Ronson's Heron Corporation.

The move comes as Lancia sales in the UK are rising. Fiat plans a wider dealer network.

Steel record

British Steel's Llanwern works at Newport, South Wales, has hit a record 1m tonnes of continuously cast (concast) steel slab within 10 months of the £47m plant coming into pro-

This is the fastest time any European works has reached the 1m tonne mark. Concast is the process by which hot liquid steel is turned solid.

Gloom for gilt dealers, boon for investors

THE BANK of England's news is that there is no such

£190m in a little over two years. Thesa losses have reduced the capital dedicated to supporting a market in gilts to £420m, from the £610m that

materially better, despite the fact that losses have been pared from around £4m a week in mid-1987 to under £2m a week for the last nine months of 1988. If that rate is sustained this year another £100m will have been lopped off the mar-

ket's collective capital.

The good news in the Bank's analysis of market maker profitability is that there is now a greater positive correlation between market share and trading profitability. The bad

correlation after costs have been apportioned market share is still too costly to ser-Most people in the gilts mar-

ket during the run up to Big Bank knew survival would be hard. Some reckoned on mak-ing early losses and breaking even in the medium-term. Many still marvel at what possessed their managements to throw so much money at what was patently a losing proposi-

None, however, could foresee the remarkable turnround in the Government financial position which, in less than a year, required the Bank no longer to issue stock to finance a public sector deficit but to buy it back to neutralise the contractionary effects on the financial sys-

tem of a massive surplus.

From dealers' point of view, this change in the Government's financial position could not have been worse, and it is this which will bear most heavily on those who remain market makers. The change has meant that the Bank has to buy back a sizeable amount of stock and this has in turn affected the price of long-term

Government debt, generally by making it more expensive. The buy-in programme has also meant that there will be no new issues in the foresee

able future; and these were the market's lifeblood, generating turnover and price movements. The combination of the stock buy-in, the lack of new issues, and the support to prices offered by the market's know-ledge that the Bank is a buyer of stock, have all worked to reduce volatility and, to some extent, turnover.

extent, turnover.

Tonger term, the outlook for dealers is worrying. Mr Alex Monas, of Daiwa Securities, said: "If the Government is a large buyer then someone must be a net seller. Wa are no longer talking about how much institutions will allocate to its institutions will allocate to te purchase of gilts but how much they are taking out." But however bad for dealers, the last two years have been a book for investors. In many,

perhaps the most important, respects the new gilts market The costs of buying and sell-ing gitts have fallen by 60 per cent deals can be made much faster and bigger deals can be executed than pre-Big Bang.

offered a far wider and more evenly balanced range of institutions, with which to deal. As the Bank makes plain, although it did not name then, in the pre-Big Bang market, two jobbers (Wedd Durlacher and Mordaunt, and ackroyd and Smithers) controlled 75 per cent of the market.

Investors have also been

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The six higgest companies now do 45 per cent of the business, the six smallest 10 per cent and the other 10 dealers do the remaining 45 per cent of the business. The results of a Bank survey of big institutional investors showed that the big transforment companies. the big investment companies typically dealt with between six and ten dealers regularly.

This all supports the Bank's central view that the Big Bank reforms have been positive for the gills market. The extent to which this favourable position. for investors continues is, how-ever, conditioned by the health of the market. The mediumterm outlook is not good. At the current rate of debt redemption the stock of out-standing gilts will halve from around £135bn to under £70bn

## Spending on EC takeovers set to reach record level

SPENDING ON takeovers in the European Community by UK companies is likely to have hit a record level in 1988 and is set to continue rising in the run-up to 1982, according to a paper in the bulletin, writes Raigh Atkins.

If US takeovers are excluded most acquisitions by UK com-panies are made in Western Europe, the Bank says. In 1987

countries reached £1.2hm and was probably higher last year. However, overseas acquisi-tions by UK companies in the last three years have been dominated by takeovers in North America, accounting for almost 80 per cent of expendi-

ture involved. The Bank says the creation

The paper says that since UK companies have outnum-

signed, sealed and delivered, it's not a deal."

the settlement is believed to have been agreed and Arthur

Young expects to announce the

details by the end of this week.

The two payments are thought to be largely covered by Arthur Young's professional

However, the firm's part

ners, who are personally liable for any claims against the part-nership not covered by their

insurance, will have to pay something towards the cost.

demnity insurance.

However, the substance of

by overseas companies by more than seven to one and have been almost three times as large in terms of expendi-

of a stogle market in Europe from 1992 is, likely to extend the trend rise in takeover activity in the EC. However, this growth will be modest.

The lank estimates the aver-

age size of transactions in the EC at £10m has been only about about a quarter as large as in the US. The activity of US companies

in the UK has been modest, it says. Since the beginning of 1986 they have made 47 acquisitions, mostly relatively small. and the value of disposals by these companies in the UK has exceeded the value of their acquisitions.

Head Office.

Toronto, Canada

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NOTICE OF

ANNUAL AND

## **Accountants prepare** second JMB payment

**By Richard Waters** 

ARTHUR YOUNG, one of the UK's leading accountancy firms, is set to make a second substantial payment to settle claims arising over its audits of Johnson Matthey Bankers, which was rescued by the Bank of England in 1984.

The payment is expected to bring the total cost of settlements to nearly £50m. The auditors paid £25m to the Bank of England late last year, and are now thought likely to agree. a similar figure with Johnson Matthey, JMB's parent before it was rescued by the Bank of England.

into its banking offshoot before selling it for a nominal amount to the Bank.

The two payments are by far-the largest amounts peid out by accountants in the UK to settle damages claims arising from audit work.

Mr Peter Edwards, managing partner of Arthur Young, would confirm yesterday only that talks with Johnson Maithey were still progressing and were likely to lead to "a substantial settlement." He added: "Until a deal is

The insurance policy is believed to carry a "deduct-ible", not covered by the insurers, of as much as £1m.

Mr Edwards said that it was still unclear whether the firm will have to pay the deductible only once (because both claims relate to the same affair) or

"It will take a lawyer to tell me that. But it's not something we have discussed yet with our insurers," he said. The cost will be borne by the

partners of the firm in the years 1981-84, when it audited JMB, and who numbered about

## **Midlands 550** jobs

with fewe than 70,000 miners, compared with more than 207,000 in 1982-83:

Mr David Prendergast, financial secretary of the Union of Democratic Mineworkers, said the union would meet with workers on Sunday to decide their next nove.

# pit to shed

THE Notinghamshire coalfield in the Midlands yesterday bore the brut of the latest wave of redundancies sweeping the British oal industry. Mr Lei Harris, British Coal

Mr Len Harris, British Coal area dilector, called for 550 redundatcies at the loss making Cottave colliery and said the future of the pit and its remaining 500 men would be reviewed in a year.

The amountement is part of an acceleated efficiency drive which is expected to cost 15,000-20,00 jobs throughout the industry by March 1990. That would leave British Coal

On Moriay, Mr Cecil Parkin-son, Enegy Secretary, for-mally abaidoned the hope that British Coll could break even this year when he announced probable lesses of £100m, and more to fillow next year, as the cost offits restructuring.

## Commerical vehicle sales jump

By Kevin Done, Motor Industry Correspondent

UK commercial vehicle sales jumped by 15.48 per cent in January to 33,352 from 28,880 in the same month of 1988 with continuing strong demand in all sectors of the market.

Sales of trucks above 3.5 tonnes showed the higgest increase with a rise of 20.28 per cent to 6,442, but sales of small and medium vans also rose

Ford strengthened its domi-nation of the van sector, increasing its sales of car-de-rived vans by 37.3 per cent and capturing 32.9 per cent of the market in January compared with 27.5 per cent a year ago, when its UK plants were hit by unofficial industrial action.
Freight Rover, the UK subsidiary of DAF of the Nether lands, recovered from a weak domestic performance last year with an increase of 44.4 per-cent in sales of its Sherpa van range, while Bedford (General Motors) lost market share in both small and medium vans

Iveco Ford, the UK truck market leader, marginally lost market share in trucks above 3.5 tunnes despite an 18.6 per cent increase in sales volume and was outpaced by second — placed Leyland DAK, the UK subsidiary of DAF of the Netherlands Netherlands.
The main loser in the UK

truck market remained Renault Truck Industries, which suffered a drop of 16.8 per cent in sales and a slump in its market share from 8 per cent to 5.5 Iveco Ford's weakness in the heavy truck sector, above 15

rise in sales of only 2.2 per cent and a drop in market share to 7.7 per cent from 9.1 per cent a Scania of Sweden recovered strongly from the strike of a year ago with a jump in heavy

tonnes, was underlined with a

Total Market 33.357 +15.40 19.86 3.36 13,126 Imports +16.46 39.03 +14.60 2978 3392 261 +13.19 30.20 3.597 +37.29 27.53 GM (Bedford) 1,780 16.21 -0.7210.16 521 +11.58 4.91 Medium Vans (1.81 - 3.5 tonnes) 13,886 +23.39 6,681 +16.70 47.40 DAF (Freight Rover) 7.2 8.5 +44:40. 8.28 Renault Mercedes-Benz 1,013 +22.64 905 779 5.85 Peugeot (Incl. Citroen & Talbot) +8.34 5.6 5.85 GM (Bedford) 728 +0.83 5.96 -22.39 707 5.09 7,54 Trucks (over 3.5 tonnes Total +29.28 2,727 1,420 1,284 imports +22.84 42.33 41.45 22.04 19.93 13.53 Iveco Ford +18,63 +23,94 22.35 DAF (Leyland DAF) +7,10 15.25 11:70 11.99 Renault (RTI) 356 -16.82 5.53 7.90 Of which Heavy Trucks (over 15 tons 3,564 725 100.00 DAF (Levland DAF) +15.97 20.37 +17.51 19.58 19,92 450 12.63 +54.64 +29.55 11.72 9.86 352 +5.40 9.68 11.17 Iveco Ford 277 +221 7.77 9.09

UK COMMERCIAL VEHICLE REGITRATIONS

JAN 1989

"includes buses and light four wheel drive utility."
Source: Society of Mater Manufacturers a truck sales of 54.6 per cent to maker, continued i capture 12.6 per cent of the market, while ERF, the only with an increase of 9.6 per cent to capture 11.7 percent of

the heavy truck mark

publicly-quoted UK truck

Thursday, February 16, 1989 at 3:30 p.m. for the purposes of:
(a) receiving the Annual Report for the past year and adopting same, (b) electing Directors, (c) appointing Auditors, (d) considering, and if thought fit, confirming revisions to the Company's General By-Laws including a change to the date on which the Annual General Meeting is held each year from the third Thursday in February to the second Thursday in March commencing in 1990, and (e) transacting such further or other business as may properly come before the meeting or any adjournment thereof. Management intends to vote its proxies in favour of adopting the revisions to the

Policyholders interested in receiving a copy of the revised General By-Laws should contact the Secretary.

General By-Laws.

By Order of the Board Joseph J. Pietroski Senior Vice President, General Counsel and Secretary

Toronto, Canada January 19, 1989

The Manufacturers Life Insurance Company

and road links with the completion of the M40 by 1991. And the UK's largest Employment Training programme further increased the skills of its Well over 100 overseas firms have already million-plus workforce. invested in Birmingham. The NEC and the £121m International Convention Centre project have established Birmingham as ► More local authority support one of Europe's great business cities, backed by schemes for business than new industrial and commercial developments RELOCATION OPPORTUNITIES any other UK city. worth £1,500 million. gham investment, simply clip <u>Birmingham</u> The Investment is working Birmingham City Council, Economic Development Unit, Development Department, Room 104, Baskerville House, Broad Street, Birmingham B1 2NA.

#### UK NEWS

## Hurd seeks more Soviet Union to sign trade finance deal funds to raise police manpower

MR DOUGLAS Hurd, the Home Secretary, said yesterday that He also stressed that the he plans to seek additional increases would be over and funds from the Treasury to above the expansion of 1:100 in provide another substantial regional forces which he increase" in police manpower over the next few years.

His comments followed last

week's news that Mr Kenneth Clarke, Heath Secretary, will be bidding for significant amounts of extra cash to smooth the introduction of his

planned reforms of the National Health Service.

Taken together, the two bids mark an unusually early start to the traditional annual wrangling between the Treasury! and big government departments over spending plans for the following three years. Typi-cally those talks do not start. until the summer, with final decisions reached only at the time of the Autumn Statement

on the economy.

Mr Hurd, who was speaking during the campaign for the by-election in Richmond, north east England, made it clear that the increased police manpower could not be financed by the Home Office's allocations. the Home Office's allocations in the public spending White Paper published two weeks

regional forces which he amounced recently. The Home Office has to pay shout 50 per cent of the cost of increases in police numbers, with the remainder financed by local

remainder financed by local sutherities.

Mr Hurd said that Mr John Major, the Chief Secretary to the Treasury, had agreed that he could put in a bid for the entra money.

Chief police officers have been putting Mr Hurd under heavy pressife to increase manpower during recent months. Last October Mr Roger Birch, chief constable of Sutser, warned the Home Secretary on behalf of the three organisations, representing all ranks in the force that the police were "histing control on the streets and beginning to lose public support."

Police strength has grown by more than 13,000 since 1979 and

more than 13,000 since 1979 and the Government is encourag-ing greater use of civilian staff in clerical and control-room duties, to release police officers for operational work.

AFTER menths of blowing hot and cold on the question of export credits from the West, the Soviet Union was due last night to sign a trade finance protocol with a group of seven leading British banks.

The signing, due to be hosted in the gittering sur-roundings of Lancaster House by Lord Young, Secretary of State for Trade and Industry, is seen in London as a renewed affirmation of the Soviet Union's determination to boost its trade links with the UK.

It marks the centreplecs of a visit to the UK this week by Mr Vladimir Kamentsev,

THE GOVERNMENT is to ban

the use of mineral oils in food-

The Ministry of Agriculture outlined its plans in London yesterday at a meeting called at only 24 hours' notice. A

statement is expected today in the House of Commons.

Mineral hydrocarbons are commonly added to bread, con-fectionery, jellies, sausages and used in rinds on cheeses such as Gouda and Edam. They are

also applied to citrus fruit and

raisins and currants.

Their use in chewing gum

Government bans mineral

and packing materials is being

reviewed separately.

The ministry told represents.

tives of the British Retailers'

Association that it had decided to ban the additives because

tests on animals had shown that they accumulated in the liver, spicen, lymph nodes and other organs and caused "tis-sue damage" at low dose lev-

It added that there were no

proven toxic effects on humans, although there was

evidence that the oils accumu-

lated in human organs.

oil additives in food

By Christopher Parkes, Consumer Industries Editor

chairman of the Soviet Foreign Economic Relations Commisels. Because of this no actual figure was being put on yestersion and senior trade official. day's protocol.

Bankers involved in prepar-ing the protocol said the sud-den decision to sign a high profile arrangement followed The decision to revive the loan project, albeit watered down, surprised many London bankers this week. A final decision to go ahead was taken top-level pressure from the Soviet Union itself, believed to only late on Tuesday night and the Government's interest in concluding such a deal was underlined by the fact that Lancaster House was made stem directly from Mr Mikhail Gorbachev who will visit the UK in April.

Last year the Soviet Union began talks on a filbn trade credit from the UK, but its officials later backed away available for the ceremony at short notice. short notice.

The protocol will formalise the bilateral financing agreements reached by UK banks with the Soviet Union late last after the effort generated embarrassing publicity about Soviet foreign horrowing lev-

year in one single document but Mr Campbell Dunford. chief executive of Moscow Narodny Bank, said it was "a very powerful statement of intent at the most senior (Soviet) levels to increase trade with Britain."

UK exports to the Soviet Union last year were only £512m giving the Soviet Union a bilateral surplus of £220m. London banks involved in the protocol are Bank of Scot-land, Barclays, Lloyds, Mid-land National Westminster and Morgan Grenfell. The

Soviet Bank for Foreign Eco-nomic Affairs is participating.

## Goldman Sachs deals top **US-UK mergers table**

GOLDMAN SACHS, the US investment bank, was the top bank adviser, by value, for mergers and acquisitions in both the UK and the US last year, according to an Extel/IDD survey published yesterday.

The total value of Goldman Sachs' UK deals was £8.32bn. But in UK volume terms Goldman Sachs slipped to 19th place, with just 12 deals. J Henry Schroder Wagg came first with 60 deals and second in value terms with £3.24bn. County Natwest advised in 59 deals and notched up third

In the US, Goldman Sachs was first in value terms with \$93.4bn and second in number of deals with 158. First Boston came second in value terms with \$78.2bn for advising in 153 deals. Shearson Lehman recorded the highest number of deals, 211, and came third in value terms at \$74.1bn.

There were 3,637 merger and acquisition transactions in the US last year, worth a total of The total value of all 1,825

TIK transactions was £34bn.

**Brent Walker takes** 10.8% stake in breakfast television

By David Waller and Ray Bashford

BEENT WALKER, the fast-moving drinks, leisure and property group, surprised the London stock-market yesterday with the announcement that it has taken a 10.8 per cent stake in TV-am, the television company, worth £12.6m at yes-terday's closing price. The shares were acquired

from two companies ntlimately controlled by Sandi Arabian interests. The holding was the centre of a controversy in February last year when the Saudi Arabian involvement was dis-

Mr Timothy Aitken resigned as chairman of TV-am and Mr Jonathan Aitken, the Tory MP resigned from the board follow-ing the disclosure that tha Saudi Arabian were the chief backers of Beaverbrook Invest-ments, one of the companies sold to Brent Walker.

Mr Jonathan Aitken at the time admitted "an error in

judgement in putting to high high a priority on the confi-dence of clients" and was forced to reduce the holding from 15 per to 10 per cent. The 10 per cent holding was then disagrepachied disenfranchised

Discussions with several parties interested in acquiring the holding have been held since

last February and TV-am is understood to have been in regular contact with Mr Jonathan Aitken about how plans for the disposal were progress-

The sale of the holding is part of a major restructuiring in 'TV-am's ownership which has been in progress for sveral months. Mr Alan Bond the Australian businessman recently sold his 15 per cent and a part of Elders, the Australian brewing and rurtal company on Tuesday announced that it had acquired a 7 per cent holding.

TV-am shares rose a further 2p yesterday to close at 180p. Brent Walker said that the the latest deal was unlikely to lead to a bid. According to the company, it was part of the strategy of building up Gold-crest, the film production out-fit bought by Brent Walker in the summer of 1997. No further details were available. details were available.

The latest move from Brent Walker caused much despon-dency among stockbrokers' analysts, coming as it did barely two months after Brent Walker made a controversial move into the drinks business with two acquisitions worth a total of £500m.

Amstrad plc, PO Box 462, Brentwood, Essex CM144EF.

Tel: (0277) 262326.

## Edwina survives grilling on eggs without a crack

By Michael Cassell, Political Correspondent

Great Hall, the setting for some of the great set-piece tri-als in British history, began to form nearly three hours before Mrs Edwina Currie, the former junior health minister, arrived to face her own inquisition.

Having finally succumbed unwillingly to the formidable invitations of her parliamentary colleagues to attend a eting of the House of Commons Agriculture Committee and to answer for her own role in the controversy over claims that the sahnonella virus was widespread in Britain's egg production, she was about to follow in the footsteps of Guy Fawkes, Charles I and Warren : Carries I know that

Hastings.

She found herself subject to the Beavy cuttains which hung such scrutiny after having across the door. This those on a claimed before Christmas that stately hed. This, however, was "most" of the country's eggs were infected with salmonella. · A claim which, in the end and after much controversy, cost her ministerial position.

. .....

Later Tuesday

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184 g 1741

Same and the same

As the queue for admission to the Grand Committee Room lengthened, so the rumours and likely scenarios spread. Would the first question from Mr Jerry Wiggin, the chairman of the committee, be: "When did you last see an omelette?."

Would the great communica-tor, the "typhoon in a twin-set", the "Cruella Deville" of contemporary British politics, wear a woolly hat - as she had once suggested pensioners do to ward off the cold - or

dressed as a chicken?

Mr Kenneth Clarke, the
Health Secretary, and Mr Ian
MacGregor, the Agriculture
Minister, arrived first to give
their own account of the affair. Mr Clarke asked if the press had to pay for tickets, or if

they were selling them.
The proceedings began with great expectation but rapidly deteriorated as committee members asked the sort of detailed questions which min-isters are obliged to answer but to which no one is obliged to

As Mr Clarke and Mr Mac-Gregor attempted to shed light on the affair, making it clear that neither had sought or sup-ported Mrs Currie's resigna-tion, asher-faced political col-umnists with spaces to fill showed the first signs of panic. Events were moving slowly and Mr Robin Cook, Labour's health spokesman, seated on a raised platform behind the committee; cupped one hand

committee, cupped one hand over his eyes to effect concern but to hide drooping eyelids; the ploy failed when his allow gave way. And then, Mrs Cur-rie arrived, sweeping through

IN OUR issue of January 21, 1989, we reported under the heading "Papers press ahead across the Channel" that Inter-

national Press Distributors, the UK-based press distribution group, had been closed during January 1989.

in fact, IPD, although no lon-

ger supplying newspapers to



to be no love in:
Only one of the committee
had dissented from the previous day's ultimatum to attend. to be no love in. Even the press, by whom she had prospered, appeared hostile. Only the night before she had used very underliamentary language to decline their effections.

atientions.
Dressed in black veivet, defiant and unsmiling, she sat alone in the centre of the row reserved for witnesses and heard Mr Wiggin welcome her decision to attend, thereby

decision to attend, thereby avoiding an extremely unpleasant dust-up. Mrs Currie proceeded to answer her questioners with sufficient civility to keep her on the correct side of contempt. As for the committee, having devoted most of its energies to hauling her in front of them, few of its members appeared to prepared any meaningful questions. With the stony glare of Oliver Cromwell peering through the window, Mrs Currie's responses were cart and considered. She had not set about setting the record straight on

sidered. She had not set about setting the record straight on her ramarks because her claims that most egg production was infected with salmonella had been misinterpreted.

She told MPs. T know what I said. I attempted to clarify what I said to this committee I do not have to comment on

do not have to comment on anything I did not say". Having assured the commit-tee that her beek would be con-fined to health matters and not to the affair which stopped her ministerial career and wrought havor in the egg industry, she left to make her way back across the Great Hall. The press kept up with her, on the off-chance that one of the greatest self-publicists in poli-tics might still crack.

distributors abroad, continued

to be the major distributor of British magazines abroad and remains the sole distributor of

We apologise to IPD for our

## IBM's PS/2 MODEL 30 8086 Processor 31/2" Floppy Disk Drive Drive Options: Double, 20Mb HD Display Adaptor: MCGA 320 x 200 Pixels 64 Grey Shades Monitor Choice: 12" monochrome 14" colour 12" High Resolution colour Operating software included: PC DOS 3.3 Basic A<sup>rd</sup> Mouse 5¼" Floppy Disk Drive Adaptor not included, £1,422 + $VAT^{+}$



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#### **TECHNOLOGY**

## Spotlight falls on the Cinderellas

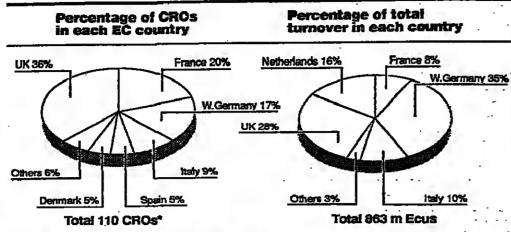
David Fishlock finds that the role of contract research has been underestimated

esearch done out of bouse, by contract, makes a far more important contribution to industry than has hitherto been recognised, according to a study just completed for the European Commission. The report, by Bossard Consultants of Paris, is part of the Commission's efforts to facili-tate the transfer of technology from academe to industry under the Sprint (strategic programme for innovation and

chnology transfer) initiative. Industrial research performed by outside organisa-tions under contract has long been controversial. Some corporate research executives see it as a threat; some managers view it as an alternative way of tackling problems which their scientists have failed to solve. Contract research also has something of a Cinderella image as the poor relation of corporate in house research and development (R&D).

For their part, the contractors have two grumbles: that they are only thrown the problems that have defeated corporate researchers and that they "unfair" competition, mostly from universities or government laboratories.

The Bossard study, commis-sioned by Michel Carpentier, the Commission's director-general responsible for telecommunications, information industries and innovation, uncovered 129 contract research organisations (CROs) in the Community. Each earns more than 30 per cent of its income by doing research for other concerns. Their combined turnover in 1986 was



The Fraunhofer-Gesellschaft, with 20 laboratories, has been counted as a single CRO

Source: Bossard Consultants

Britain and West Germany each has 38, although many of the German ones belong to the same parent body, France has 24, Italy 10 and Denmark and Spain six apiece. The Nether-lands has three, Belgium two. Ireland and Portugal one each and Greece and Luxembourg none Sixteen had an annual income of more than 10m Ecu.

The biggest CRO is IAGB-Industrieulagen-Betriebsge-sellschaft mbH, of West Germany, with a turnover of 140m Ecu. two-thirds for contract research dominated by defence. Defence and the universities apart, Fraunhofer Gesellschaft, with a score of research centres, is the cornerstone of West Germany's contract research its 1986 earnings were more

In the Netherlands, TNO has 5,200 staff in 30 institutes and

IAGB. It is run as a private undertaking backed by generous public subsidies. In France, Bertin, earning nearly 30m Ecu, has half the market for contract research.

an income close to that of

The Italian scene is dominated by ISMES, CISE and CESI, each with an annual income exceeding 20m Ecu. Britain has seven CROs with incomes exceeding 10m Ecu. Huntingdon Research Centre is the biggest, earning 39m Ecu for contract research. Most of its clients are large overseas

companies with 70 per cent of turnover outside the UK and 40 per cent outside the EC. Britain's CROs are more independent than those of the rest of the EC and get little in the way of government subsi-dies, while others receive up to 51 per cent in grant aid.

Between them, these five countries account for about 97 per cent of EC earnings from

contract research. The study's revelations should bring two important benefits to industrial research, says Eric Duckworth, managing director of the Fulmer Research Institute, a CEO owned by the Institute of Physics. He is also president of the Association of Independent Research and Technology Organisations (AIRTO), the 45 members of which claimed a total income of 2278m in 1988. One benefit concerns small and medium-sized engineering companies lacking their own R&D. Duckworth says that they can now see a portfolio of opportunities for purchasing new technology "quickly and more cheaply." This also applies to larger companies

technologies in-house and buy-ing in other technology. The second benefit foreseen by Duckworth will be to make an issue of the serious problems the CROs experience with the Commission's present

which are focusing on core

funding policy.

A CRO normally expects 100 per cent funding by its customer under a commercial contract. The 50 per cent funding offered by the EC for contracts linked to its programmes means that the CRO must find the other 50 per cent either from profits or from other

time, if not on money.

Duckworth says this means that CROs tend only to apply for EC research contracts if tial experience of an emerging opportunity.

sources, which is a drain on

Mostly such contracts are simply bed business for these organisations which usually do not manufacture. Their R&D tends to be an end in itself. with no profits from products to look forward to.

Duckworth believes Brussels may now be sympathetic to the idea of contributing more than 50 per cent of funding. But what most surprised him

as a scientist who has spent 20 years managing contract strength of the CROs and their. evident importance to small and medium-sized engineering companies.

The study has already proved a morale booster for CROs, prompting the formation of a co-ordinating agency called the European Association of Contract Research Associations. . .

Tony France the MISI, to being made in

#### Keener 'sniffers' for explosives

THE DETECTION of : explosives hidden in airline kiggage will soon be improved, according to Technical insights (TI), the US market research

organisation.
"Snitler" devices are able to detect the small amount of vapour leaking from the explosives' container. But they act rather slowly. Technology, Ti says that the Federal Aviation

Administration (FAA) in the US has tested a fast device that is not dependent on escaping vapour, include, it fires penstrating perticles called neutrons into the higging, which react with the higginge, which react with the nitrogen found in virtually all explosives. The reaction produces gamma rays which pass out of the luggage and

can be delected.
The FAA has ordered five of the computerfied testers of the computerised testers from the designers, Science Applications International Corporation. Since the test presents a radiation hazard It could only be used on cargo and luggage.

the Japanese electrical group claims to have reduced the time taken by its snilling process to less than a minute. The company is using immuno-assay, which allows very small amounts of a substance to be detected ng the production of antibo

Normally such assays take more than five hours, but shita has develo a technique that allows one North of a gram of THTn one minute.

A step up for dot matrix MANNIESMANN Tally, the mputer peripherals impany based in Stuligari, West Germany, is offering a dot matrix printer to personal computer (PC) wers for only £148.

The company claims that this is the lowest priced machine available for serious PC use in the UK, Before Christman, the company introduced a laser printer a £1,395 and in 10 weeks had woo orders for more than 3,000 units worth £4.2m.

#### WORTH WATCHING

Edited by **Geoffrey Charlish** 

Japan to the design of the company's German engineers. If offers a printi speed of 130 chieracters placed across an 80-chieracter line.

Character line.
Characters are formed with a nine-pin print head in situation the print pine have a equare cross section rather first the usual round design, timpdig "III-in" of the characters gives results described as near letter quality" (sincet indistinguishable from tipping). Working at 25 characters per second, the machine is designed for workloods of up to 2,000 pages a month. Cut sheet or fan-fold pages can be used at will, without reloading.

#### A black box for helicopters

IN THE UK, Pleasey Avionics and Bristow Helicopters, a North Sea operator, are developing a flight monitorin system to enhance helicopter safety. Operating and

also be reduced.

The equipment, called Hums (health and usage monitoring system), will satisfy the requirements of impending legislation on the fitting of accident data recorders to all helicopters weighing more than 2,700 kgs Hums combines the customery "black box" flight recorder with special monitoring of helicopter functions. Flight dack display will show the state of gentioxes, engine, transmission and votors; sking date from electronic

The data are recorded on a rugged magnetic disc which can be removed at the end of each liight for analysis. Pleasey expects to make the first deligration in 1990.

Safety use for optical fibre HERGALITE, of Bury St. Edwards in the UK, is usl optical Abres in a contect. opinion step. This can be used as a safety cut-out device on the meeting edg of powered stiding down, the biamours of sutometic, guided earlicles, for

echinery guarde and m milar applications. machinery graining.

If optical fibre is bent, the transmission of light down it can be charply reduced (a light goes out through the fibre wall instead). This effects be time-luned by calculation choice of fibre standards.

in the Hergalite system, a loop of libre runs up and down the length of the detector. Wrapped round the libre is a plastic spiral. If this is deformed by external pressure on the extruded rubber covering, it produces a mumber of amail kinds in the fibre, cutting the emount the fibre, cutting the emount of like loop. This is immediately sensed and alapma or electrical cut-out can be activated.

The main advantages are the system's immunity to correction and the fact that

the system's immunity to correcton and the fact that it is unaffected by oil and di The sir looks that can devel with air operated systems are avoided and there are Interference problems since no current flows in the strip.

#### Overhead crane without ralls

AN OVERHEAD, travelling AN OVERHEAD, revening crame, which does not need a conventional set of raile ruising the length of a building, is in production of the Gounding Engineering and Manufacturing Company of Haits Bay, lerael.

Wheels are fixed on the walls of the building. Girden which run on the wheels, and nounted under each and of the moving carriage from which the crime to supported. The girders are long enough to spen three wheels, so that the load is. always properly supported on each side. on each side.

A saving on installation of
25 per cent is claimed.

CONFACTS: Technical Insights: 48. (201) 508 4744. Matseshita: Japan, 5 282 1471. Mannesmann Tally, UK office, 9734-786741, Phesey Asionical DK. 0795 482248, Hergá Bectric, UK, 0284 701422. Gopssinsky Engineering; larael 4,740361.

## A simpler, quicker way to track down salmonella in food

arge manufacturers of food must continually carry out routine laboratory checks to ensure that there is no salmonella infection. Typically a big producer will carry

out between 20,000 and 30,000 tests a year, for which the materials alone cost about £6 each. The test requires many analytical steps over four days and, if positive, a further three days of blo-chemical and serological analysis must be carried out. A faster method, taking two to three days is available, but it is complicated and requires a well equipped laboratory, expensive equip-ment and well trained personnel.

A more rapid and simple testing method for the detection of salmonella in food would lower inventory costs by reducing quarantine, permit testing at plant level and enable a quicker reac-

tion to any problems.

In the US, BioControl Systems, of Bothell in Washington state, has developed a method which allows identification of positive samples in as little as 32 hours. The test takes less than two minutes to set up and no expensive instrumentation is needed. It also eliminates the biological hazard normally associated with salmonella testing.

Because of its simplicity, staff carry-

ing out the test do not require special technical training. The test has been approved by the Food and Drugs Administration/American Association of Official Analytical Chemists for use with all food types.
Called the 1-2 Test, it consists of a

small disposable plastic device with two chambers. An enriched broth of the suspect product is prepared, 0.1 millilitre of the sample is added to the device and the unit is incubated for 8 to 14 hours at

35 deg C. One chamber of the device contains a broth (growing medium for bacteria) into which the sample is inoculated, the

other a gel to which is added BioCon-

trol's flagellar antibodies.

As incubation proceeds, salmonella move into the gel and are immobilised by the highly selective polyclonal antibodies. A clearly visible band of immohilised salmonella is formed. If no band is visible, the test is negative. After use the sealed unit is sterilised and

The cost of the 1-2 Test is about £5. It available in the UK from Park Tonks, Abington, Cambridge CB1 6AS, telephone 0223 891721.

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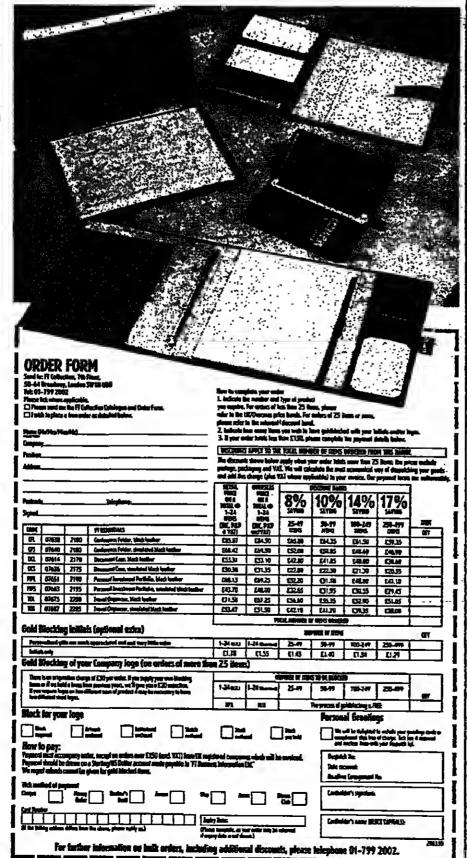
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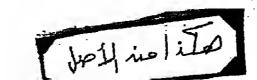
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Yet making a Will is not difficult and not expensive, once you know how. This 16 page, booklet explains clearly and simply exactly how to do what - and why. If shows you how to make sure that you have you have to reduce labertance Tax payable on your Estate, so that money which the Tax man might have kept will go to your favourite charity. We freely admit that it also tells you how to remember the DGAA in your Will. Because theyery existence of this very special Charity depends to a great extent on the thoughtfulness of benefactors just like you. But whether or not you decide to help us, do read this most important little booklet - it's yours, free and without any obligation, if you write or telephone now.

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ow that Indian champagne can be bought in the shops, the idea of Chinese champagne should not be

too hard to swallow.

The authorities in Yantai, a seaside resort in Shandong province in north-eastern China, have just signed a joint venture agreement with a Catalan company to make cava (the Spanish name for méthode

champenoise) from local grapes.
For José Ferrer and his brother-in-law Eudaldo Hevia, who made the trip to China from Barcelona last month, it is one more feather in the month, it is one more learner in the family's well-plumed cap. Not only were they asked to put up some money – they are investing a modest \$2.5m – but they were chosen by the Chinese from among the world's

leading champagne producers.

The agreement brings the firm of Freixenet, a relative newcomer to the international market, another step further into what was once considered exclusive French territory -even in China. (Remy Martin has been in Shandong for several years co-producing a still wine called – what else? – Dynasty.)

Triday it claims to be the world's largest producer and exporter of champenoise. It sells more bubbly to the US, its higgest export market than do Moet et Chandon or Asti Spumante. In achieving this position it has created a market niche out of a handicap; cava is not quite cham-pagne nor is it a cheap, bulk-fer-mented sparkling wine, yet it has had to compete with the quality of

nne and the price of the other. It has also had to overcome a number of other problems. Among these are an unpronounceable Catalan name ("freshernet" is close enough): a country of origin which wine buffs for years regarded as good only for sherry, the odd *rioja* 

## Giving extra sparkle to the Spanish wine industry

Christian Tyler finds a family in Barcelona with designs on the champagne market

Cordon Negro was promoted heavily on UK television last Christmas

and cheap plonk; and a product that although made in exactly the same way as real champagne cannot be

called by that name.

All Catalans pride themselves on their business sense. But the family that owns Freixenet has shown uncharacteristic vigour in breaking out of the isolationist mentality that General Franco bequeathed to Spanish industry. Having decided in the early 1980s to sell abroad, the family now claims to account for 70 per

cent of all cava exports from Spain.
But then the Ferrer family is somewhat unusual. "Freixenet" means "little ash-tree" in the Catalan language, and was the nickname of old Pedro Ferrer who married into the wine business early this century when Dolores Sala became his wife. The Sala fortunes had at that time been hit by the loss of their export market in the Spanish-American col-

onies and by the phylloxera grape-hlight. Pedro decided to go into cava. Much later, in the mid-1930s after Prohibition had ended in the US, he set up a subsidiary in New Jersey. It was Freixenet's first, unsuccessful, foreign venture. A year later Pedro was "executed" hy Communist fighters in the Spanish Civil War.

The business, based 20 miles outside Barcelona at Sant Sadurni

side Barcelona at Sant Sadurni D'Anoia, is still owned by Pedro's four children: José, Pilar, Carmen and Dolores the younger.

Freixenet started exporting to Britain in the 1960s through DWS, a company in Hatfield, Hertfordshire, that it now controls. But it was up against the deeply-ingrained francophilia of the wine-drinking classes and the Yuppie had not yet been invented. "Wine writers in England were wedded to champagne," says José-Luis Bonet, who is Pilar'a son



and the firm's vice-president.

The breakthrough came in the 1960s when Freixenet picked up half a dozen sparkling wine companies from the wreckage of the crashed Rumasa conglomerate. It invested \$12m in a small vineyard in Sonoma Valley, California, and bought estates in the Queretaro province of Mexico. These two operations are run by another Pedro Ferrer, José's

Foreign acquisitions were topped off in 1985 with the purchase of Henri Abele, tha fifth oldest name in the Champagne region of France. Exports and acquisitions were made easier by the then weakness of the peseta. As the Spanish currency has hardened Freixenet has found

pagne drinkers while appealing to the much bigger constituency of occasional bubbly-buyers.

An example of its marketing tactics could be seen on British televi-sion before Christmas – the first TV advertising campaign the company

Economies of scale, relatively low labour costs, a programme of auto-mation and a policy of direct selling in the big US market have enabled

m the big US market have enabled the company to keep its prices sufficiently below that of French champagne and not too far above that of bulk-farmented sparkling to stay in the game. Turnover reached Ptas 21bn (about \$200m) in 1987.

José-Luis Bonet says it is a question of having "the best price-quality ratio". But fashion and fashion's arbiters, the wine-writers, play a large part. Freixenet has pitched its product quite carefully, hoping to capture some of the inveterate champagne drinkers while appealing to

and Sweden.

At the beginning of selected programmes viewers were shown what they call in the trade a "teaser" a they call in the trade a "teaser" a black screen accompanied by the sound of someone blowing across the mouth of a bottle. In a second commercial at the end of the show, the viewer realised he had been looking at the back of a black bottle which was then turned round to display the Cordon Negro brand name.

"The hlack bottle is a terrific asset," says Phil Brown, the man, whose agency, Interconnections, devised these top and tail commercials, "We have always tried to give it a very quality feel, but not too effervescent a look to the ad."

Changing fashions—encouraged

Changing fashions — encouraged by the Californians and Australians have seen Spanish cava exports jump from 3.5m bottles to 50m bottles (38m of them Freixenet's) in 14 years. Forty years ago the annual production of cava was just 5m bottles, a seventh the output of Champagne Leaf year the French middle. pagne. Last year the French produc-tion was 220m bottles and the

spanish 150m.

But there is one more mocup to come in Freixenet's heady story. The European Community has ruled not only that the name "champagne" will remain protected, but that from 1994 the description methode champenoise will be forbidden inside the EC in the interests of the consumer. "I don't see a great problem," says

"I don't see a great problem," says Manuel Duran, the senior non-family executive. "We can always call it: 'traditional method' or something like that. Or we will just call it caoa. After all, that's what we call it in the

Aner all, that a what we can it is supermarkets already."

As for what the Chinese will call it, that is anybody's guess. "Little Ash-Tree" perhaps?

harmony? Set goals for devel-oping marketing systems to determine what kinds of infor-

mation are essential to sup-

port the company's husiness aims, Oasis concludes. Ensure the support of a senior execu-tive as "champion" for the sys-tem and take a phased, man-

ageable approach to implementation.

The Management of Market-

## had mounted in its fourth-largest Women get involved

ignore at their peril the influence of married women when devising their marketing strategies. While husbands on balance have the greatest say in financial decisions. sions, wives are heavily

involved.

This is the finding of a new study of British life styles carried out by market researchers.

Mintel. "Although married women may not be so impor-tant as men in taking decisions off their own bat, our research

off their own bat, our research indicates that, in marketing terms, women deserve considerable attention.

From the survey of 450 married women it emerged that financial decision-making was fairly even between husbands and wives — 55 to 45 per cent in favour of the former.

In areas such as withdrawal of savings, mortgage arrangements, hire purchase finance, building society and bank accounts, decisions were largely taken jointly.

largely taken jointly.

Husbands did not, however, consult their wives on pensions, though Mintel points out that this could be because many in salaried employment do not have to make a choice. Where women have most say. is in credit card usage as well as in the choice of household insurance and bank and build-

insurance and bank and building society accounts.

The Mintel research found that in many areas of financial decision-making socio-economic grading had a bearing on who had a greater say. "We suspect that more CZDE husbands feel insecure about financial matters than is the case with their ABCI equivalents and as a result their wives have to become more involved," says Mintel.

It also emerged from the sinvey of that almost a third of British women only worked, because they needed the

because they needed the

money Contrary to much media comment over the years, it does not seem that the modern woman is much different from her forebears, Mintel suggests. "She is, inherently, relatively conservative in outlook; the biggest myth is womankind's supposed desire to be free of the bonds and responsibilities

the bonus and of housekeeping."

\*British Lifestyle 1988, Min-, tel, 7 Arundel Street, London, 1988, 1

## its margins squeezed. But it still pays its local grape-growers less than a tenth of the price per kilo demanded in Champagne. Putting competitive advantage at your fingertips

ost UK marketing managers have yet to grasp the fact that if they used technology to gather organise marketing information they would considera-hly improve their competitive-

The level of ignorance can be alarming, says a study just published by a consultancy, Organisation and Systems Innovations (Oasis).

David Gill, director of innovation at Oasis, qnotes the marketing director of a major British company who had no simple way of analysing his sales to each major customer

the year before.

Toni Gill, who carried out much of the research argues: "If companies truly recognise the value of customer awareregard information as the key resource for attracting, main-taining and maximising the profit potential from their cus-

The ideal, Oasis implies, is a ingle, integrated marketing

The study's conclusions are in line with the view recently stressed by Michael Treacy, assistant professor of manage-ment at the Sloan School of Management, Massachusetts Institute of Technology. Treacy argues that sales and marketing offer some of the best opportunities to use information technology for competitive advantage.

Treacy also warns, though, that "technology will never effectively catalyse change in

the sales function. It has to come from the heart and soul of the sales manager."

Toni Gill's analysis shows that less than one per cent of UK companies have managed properly to integrate all their market and customer information to the extent that their marketing strategy is begin-ning to be driven by their mar-

keting information systems.

"The majority of UK companies," she says, "still have a long way to go before they can be said to be managing their market information effec-tively." Market orientation, she suggests, should lead to an awareness of the value of information and only then to technological considerations.

There are five categories of company, says the study:

■ "Non-performers" .— comprising 7 per cent of the sample of 193 companies canvassed, this type did not appreciate that gathering information about customers, either current or potential, had a marketing role to play.

■ "One-man bands" — they made up about 24 per cent of made up about 24 per cent of the sample and were making limited use of market research

and had some access to basic customer information. These, Casis concludes, "do not have access to sufficient information to respond with any sensi-tivity to market needs."

 "Orchestral players" - the largest group, comprising 58 per cent of the sample, were collecting the right kind of information but were storing it haphazardly in a variety of

stand-alone systems,

"They had a fair spread of
instruments for capturing
market and customer data,"
according to Toni Gill. "They
were making genuine efforts
to do so. They had computer
terminals all over the place.
They had all the right sentiments about needing to integrate all this data and all' these machines - they just were not having much luck!" • "Conductors" — represent-ing 4 per cent of the sample — were more fortunate. They had largely succeeded in integrat-ing their internal sources of

information and were able to pull out substantial amounts of information

"Composers" - this final category represented those that had managed to turn market orientation, not upon information technology skills. UK companies, however, were weak on information

information into a strategic

marketing resource.

Oasis's key finding in its analysis of UK companies — which amply confirms Treacy's general diagnosis — is that the successful uptake of information technology in marketing is dependent on marketing is dependent on market orientation, not upon

gathering. Only half the com-panies canvassed used published market research reports on a regular basis; only 37 per cent regularly commissioned market research studies; 45 per cent hardly ever or never

used computer-based (on-line) information services What should the orchestral players do to find marketing

The Management of Market-ing Information: Oasis in asso-ciation with the Institute of Marketing.; Tectonic Place, Holyport Road, Maidenhead, Berkshire, SL6.2ET. £95 plus-VAT for the first copy, £10 for each succeeding copy. \*Indications: November/December 1988, The Index Group, Cambridge, Massachusetts. Alan Cane

David Churchill

## The Ogilvy Group

## 1988: Record Results

New York, NY, February 2, 1989 - The Ogilvy Group, Inc. (NASDAQ/LSE-OGIL), the worldwide advertising and marketing services group, today announced record revenues and earnings per share for 1988. Revenues for the year increased 13.5 percent to \$838,090,000 compared with \$738,508,000 in 1987. Net income for the year increased 10.7 percent to \$32,950,000, or \$2.25 per share.

Ogilvy reported that revenues for the quarter ended December 31, 1988 increased 10.4 percent to \$242,421,000 from \$219,577,000 in 1987. Net income for the fourth quarter increased 6.5 percent to \$15,421,000 or \$1.05 per share.

Operating profits for the year increased 13.8 percent to \$65,922,000 and operating profit margins continued to improve to 7.9 percent from 7.8 percent in 1987. The 1988 operating profit margin from advertising operations was 9.8 percent despite margin reductions of 0.6 percentage points from restructuring charges during the year. The aggregate 1988 operating profit margin of all other operations including Retail Marketing Services and the Marketing Information Sector was 2.5 percent.

Fourth quarter operating profit increased 7.7 percent to \$27,171,000 despite costs associated with the closing of an office in Stuttgart, West Germany. These costs also affected the operating profit margin which declined to 11.2 percent from 11.5 percent in the fourth quarter of 1987.

"We feel pretty good about what we've achieved for our shareholders and clients in 1988," commented Kenneth Roman, Chairman and CEO of The Ogilvy Group. "Our full year results reflect record revenues, profits and earnings per share."

> The Ogilvy Group, Inc. Consolidated Statement of Income (in thousands of US dollars except per share figures)

Twelve months ended December 31 (Audited)	1987	1988	Percentage Increase (Decrease)
Commission & Fee Income	\$738,508	\$838,090	13.5
Total Operating Expenses	680,575	772,168	13.5
Operating Profit	57,933	65,922(A)	13.8
Income before Taxes	60,499	67,649	11.8
Taxes on Income	28,583	30,911	8.1
Net Income	\$29,757	\$32,950(A)	10.7
Earnings per Common and Common Equivalent Share	\$2.02	\$2.25(A)	11.4
Dividends Paid	\$.84	\$.88	4.8

#### Quarter ended December 31 (Unpudited)

Commission & Fee Income	\$219,577	\$242,421	10.4
Total Operating Costs	194,338	215,250	10.8
Operating Profit	25,239	27,171(A)	7.7
Income before Taxes	26,600	29,735	11.8
Taxes on Income	10,823	12,246	13.1
Net Income	\$14,479	\$15,421(A)	6.5
Earnings per Common and Common Equivalent Share	\$.99	\$1.05(A)	6.1
Dividends Paid	\$.21	\$.22	4.8

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#### **BUSINESS LAW**

## Myth of one-stop EC merger control By Philip Goldenberg, Stephen Kon and Michael Rose

sioner with responsi-bility for competition policy. of "one - stop" EC merger control, will not be ful-filled unless steps are taken to integrate the new measure with the existing competition rules of the EC Treaty.

In his first speech on the topic recently, Sh Leon urged

EBRUARY

support for "a system whereby, in the case of smaller mergers, they would be subject only to national regulation while in the case of the really large mergers which have implications for the case of the form tions for the whole of the Community, the European Commision would have the power to intervene, and companies would not normally need to be concerned about the national regulatory authorities." This approach has since been endorsed on behalf of the UK Government by Lord Young.
Until recently, merger control powers could only be exer-

cised at EC level in the rare case where a company already in a position of market dominance increased its stranglehold by taking over a competi-tor — so abusing, according to the Continental Can judgment of the European Court, its Article' 86 of the Treaty, EC. powers of intervention were significantly widened in 1987, when the European Court decided in the Philip Morris case that the "anti-trust" rules of Art.85 could apply to share transactions if the result was likely to be a change in the market behaviour of any of those involved Art.85 may new catch the taking of a minority shareholding in a competitor, with or without an option to take control later; buying control; leaving a minerity interest in a competitor's hands; takeover consortia. with an "auction ring" effect on the share price; and (though this is still untested) a 100 per cent takeover. The structure of the market will be crucial and Art.85 is most likely to be relevant where the market is stag-nant and its suppliers large and relatively few as in the case of cigarettes and spirits. A takeover bidder's time table may now be irreparably disrupted by a well-timed complaint to the Commission or application to the national courts for an injunction while the complaint is being investi-

eon Brittan's aim, as for Irish Distillers and the Art.85 rules, with an investigation of the GEC/Siesioner with responsisioner with responsihillity for competition of "one-step" EC commission; of the Carcontrol, will not be fulalless steps are taken to that the trend is likely to contion investigations:

proceedings and double sanc-tions under national laws and Arts 85 and 86. National Arts.85 and 86. National authorities may prohibit a merger on which the Commission, has decided to take no action has decided to take no action has may not authorise a merger which has been prohibited by the Commission. They probably may not prohibit a merger to which the Commission has shown positive favour by granting exemption.

The rills that Community law prevails in the end is small

law properals in the end is small comfort to those involved in the delay and expense of parallel investigations.

The properal

According to the draft published in November 1988, the proposed merger control regu-lation would apply where the combined worldwide annual turnover of the groups con-cerned is more than Ecu 1bn (2560m and the EC wide turnover for each group more than Ecu 100m (£55m but excludes cases where more than 75 per cent of the EC-wide sales of all parties arise in the same member state. The Commission now appears ready to double the appears ready to double the turnover threshold to Ecu 2bn. Such "mega-mergers" would be appraised according to a clear and workable timetable; probably with only a small number of rejections.

The regulation aims for "one-stop" supervision at EC level for the 75 or so mergers per year expected to be reviewed under it. National authorities are supposed to come into the picture only where the Commission chooses to delegate powers to them. But there is a pitfall to the new system. Mergers whose pur-pose or effect is to co-ordinate the competitive behaviour of independent concerns are automatically excluded from the new regulation. Instead, such "cartel mergers" will be inves-

tinue.

The genie is therefore out of the bottle; and there is no way. It is impossible to predict to put it back. Art.85 may be whether the Commission invoked in the national courts would regard a given share transaction as having a cartel aspect. Also there is no hard and fast division between merger to be subject to parallel proceedings and double sanctions under national laws and those in the cartel category. those in the cartel category. Many mergers fall into both.

Many mergers fall into both. Suppose, again, that the new regulation had been in force at the time of the bitterly fought takeover battle for Irish Distillers. The bid was frustrated by a complaint to the EC Commission under Art.85 and the Commission's prompt action in threatening interim measures. The Commission viewed the consortium formed to take over the target company's nver the target company's shares as a violation of Art.85 and it has to be assumed that, because of this cartel aspect, the bidders would have been unable to notify under the reg-ulation and the ball would have bounced just as bewilderingly between the EC Commission, the UK Office of Fair Trading, the Irish Fair Trade Commission, the Takeover Panel and the English and

Backing both horses by dou-ble notification may become the norm; and given the general risk, however remote, that a merger may be declared null and void if Art.85 is broken, companies may decide to notify mergers to the Commission even in innocuous cases because, with the best will in the world, the Commission cannot "whitewash" a beneficial merger by giving an exemption of an earlier date

Irish courts.

than its first notification. The problem : The untrammelled survival of Arts.85 and 86 also promis to frustrate the second half of Sir Leon's aim for EC mergers

policy — that smeller mergers should undergo scrutiny only by national competition authorities. It is ironic that the efforts of the UK and other member states in opposing the new regulation have been con-centrated on raising the turngated, as in the frustrated bid , tigated under the existing over thresholds and narrowing

its scope, whereas it would have been in the interests of business to widen its scope and substitute a one-stop regime for the present system. It is also unfortunate that the impression has repeatedly been given by statements from the Commission, echoed in the press, that the regulation would replace the present unsatisfactory system under Arta.85 and 86, instead of supplementing Art.85 in a subserviewt role as its foot the case. vient role as is in fact the case.

First, it should be recognised that share transactions outside the scope of the merger regula-tion under Art.85. Time limits corresponding to those in the merger regulation should be fixed for declarations of the inapplicability of Art.85 or for the authorisation of anti-competitive mergers considered to be beneficial. Where the turn-over and other criteria in the merger regulation are satisfied, notification under it should be

treated as also covering notifi-cation under Art.85.
To save the Commission from having to deal with an avalanche of untifications there should be a block exemp-tion under the new system for two-party mergers and acquisitions, perhaps with an upper limit for turnover thresholds, covering the agreements, preemption clauses, warranties and indemnities, non-competition vendor covenants and other matters commonly found in a straightforward acquisition or takeover bid.

Lastly, the new regulation should spell out the "legitimate interest" which national authorities may continue protecting under their own laws. If the regulation is adopted in its present form, one-stop merger control will remain a myth. The existing powers of the Commission under Arts.85 and 86 in relation to mergers won by case law are ill defined inadequate for the Commis-sion and bad for the business community. Nothing less than a comprehensive approach will make EC merger control a real-ity. It should be based on a single system of authorisation and enforcement at EC level and a clear division of respon-sibility between the Commission and the authorities of the The authors are partners in the City solicitors, S.J. Berwin &

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BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme Fiscal Agent

Luxembourg, February 9, 1989

**WORLD BALANCED FUND** Société d'Investissement à Capital Variable 2. boulevard Royal, Luxembourg R.C. Luxembourg B-24872

Shareholders are hereby convened to stiend the ANMUAL GENERAL MEETING of shareholders of our company, which will take piece at the company's registered office, 2, boulevard Royal, Luxembourg, on February 17, 1989 at 11.00 a.m. for the purpose of considering and voting upon the following agenda:

Submission of the report of the Board of Directors;
Approval of the Statement of Net Assets at November 30, 15
Statement of Operations for the year ended November 30, 1988;
Allocation of the net results;
Discharge to the Directors and the Statutory Auditor.
Receipt of and action on nomination of the Directors.

Miscallinguage.

Resolutions on the agenda of the annual general meeting will require no quorum and will be taken at the majority of the votes expressed by the shareholders present or represented at the meeting. in order to attend the meeting of February 17, 1989, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque intermationale à Luxembourg, Société Ananyme, 2, boulevard Royaí, L - 2953 Luxembourg.

#### **LEGAL NOTICES**

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PERITRONIC MEDICAL INDUSTRIES PLC. LIMITED

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

Notice is hereby given that the creditors of the above-named Compeny, which is being voluntarily wound up, are required, on or before the let day of March, 1989, to send in their full Christian and surnames, their addresses and descriptions, titil particulars of their dobts or claims, and the names and addresses of their Solicitors (if any), to the undersigned P.W.J. HARTIGAN of 1 WARD-ROBE PLACE, GARTER LANE, LONDON ECAV SAJ the Uquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors to come in end prove their tebts or claims at such time and and place as shall be specified in such notice, or in detault thereof they will be excluded from the benefit of eny distribution made before such dobts are proved.

SOUTHFIELD CARE HOMES LIMITED

Registered number: 2190395 Nature of business: Residential and numbe home Trede classification: 47 Date of appointment of joint administraceivers: 30 January 1989. person appointing the joint adminis-ceivers: The Royal Bank of Scotland

JOHN FREDERICK POWELL and MICHOLAS ROGER BROMFIELD GODDEN Joint Administrative Receivers (Office holder nee 695 and 1091 of Cork Guily, 42 Temple Row, Birmingham B2 5JT

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# WORLDWIDE OFFERINGS (All Debt/All Equity)

	1988	
Manager	Amount (\$ Billions)	Market Share
Merrill Lynch	46.2	9.6%
First Boston/CSFB	44.8	9.3
Goldman Sachs	41.5	8.6
Salomon Brothers	39.3	8.1
Shearson Lehman Hutton	27.6	5.7
Source: IDD Information Services. *Data was obtained from sources deemed to be reliable, including Merrill L		

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#### CINEMA

## Week of the Chinese

hang Yimou's superb Red Sorphum, which won last year's Ber-lin film festival Golden Bear, proves that Chinese cinema no longer languishes in the shadow of Chairman Mao and his little red thoughts. Gone at last - and we hope forever - is the tendency for Chinese films to be mainly about productivity-raising in the cantons and/or con-sciousness-raising in the can-

An ex-cameraman with a visionary eye, Yimou weaves a 1930s-set story of myth and magic which advances from folk-tale to historical tragedy. A beautiful girl is yoked by arranged marriage to a leprous sorghum-wine maker. She is seduced by one of the winary workers, and when the tyran-nical boss dies, she bears the worker's child. But the idyll is worker's cmal. But the myll is short-lived. A crueller age of tyranny begins: China is invaded by Japan, and the screen is engulfed by violence and cathartic horror.

A shorthand summary suggests a plot of almost demented "What nexts?" But the film works on a heightened level, rising above logic and navigating between dream and reality.
The sorghum field, an ocean of
wind-wrestled stalks haunted
by ghosts and bandits, becomes an unforgettable motif. A baptismal wilderness through which the bride first rides in her litter, it also lends its blood-dashed colours to the movie's main images: the hero-ine's clothes, the sorghum wine, the blood of battle and of the flayed victims of Japanese

More often than we would like, suggests the film, our passage to wisdom and freedom lies through violence, terror and upheaval. No less remark able than the story's emotional switchbackings are its visual anthority and narrative certainty. Pace and power never slacken. And the closing image of a burnt war survivor and his son (the narrator's father), standing against the red sky like charred idols from pre-civilisation, has a force unsurpassed in recent cinema.

RED SORGHUM Zhang Yimou

SOURSWEET Mike Newell

THE GOOD MOTHER Leonard Nimoy

THE KREUTZER SONATA

**Michael Schweitzer** 

THE DEAD CAN'T LIE Lloyd Fouvielle

SLIPSTREAM Steve Lisberger

in Soursment differed by Mike Newell from Timothy Mo's novel. China plays away. But like many sporting countries it brings its own hooligans to the match. Mo's England-set tale of Triad gangsters, pursuing a family of Hong Kong immigrants reaches the screen still bristing with anxiety and nerwous comedy.

Newell showed in Dance With A Stronger that he could shape everyday moral squalor into jewelled tragicomedy. Here he pitches his young restaurant-owning couple and their child — superbly played by Sylvia Chang, Danny Dun and the big-eyed, brightly-named Speedy Choo — into an Anglo-Saxon Hadas. In a cul-de-sac by a railway viaduct, whera old car-repair lots explode across the road, the "Dan Ling" Chinese takeaway looks as incongruous as the lit-tle old lady's house in The

The film hums with comical discomfort whenever two or three are gathered together. trying to stir-fry their lives into a semblance of harmony: especially when the wife's unmarried sister gets pregnant by a trucker or when their Dad, an old Triad warrior, arrives in England to pitch character for great (The horse chopsticks for good. (The boy's first sighting of his Grandpa is beautifully done. He pads up behind the unknown giant like

Weaker are the scenes with the Triad command in Soho, hatching their plots and flex-ing their knuckles. The film rightly uses unfamiliar, un-Anglicised Chinese actors. (Nn audience cries of "Ooh, isn't that the Chinese Delective?") But the price is a tendency for the dialogue to sound unduly tortured, as if the cast is involved in a life-or-death struggle with an English phrase-book. Even so, the movie never loses - nor seri-ously losens - its grip. At best its picture of a Britain clasping ambivalent arms around its immigrants is as funny, touching and caution-ary as My Beautiful Laun-

The Good Mother, based on Sue Miller's best-selling novel, has the asphyxiating one-dimen-sionalism of a TV movie. Talking heads and tinkling piano music shape the tale of a divorced mother (Diane Keaton) left to cope with a young daughter and tha "shoulds" and "shouldn'ts" of her sexual upbringing.

A single parent tale, the film soon becomes a single-problem movie. Did Keaton's lusty sculptor boyfriend (Liam Neeson) sexually abuse the little girl? Though he says not, the ex-husband seizes on stray murmurs from the tot to bring a custody suit. Keston and we believe Neeson: but if the judge finds against him, she may have to choose between keeping her lover and keeping her hild.
Director Leonard (Three Men

And A Baby) Nimoy boldly continues his transformation from Mr Spock into Dr Spock. But in this "bringing up beby" tale he has opted for cloying simplification, Prologue scenes depicting the formative con-flicts of Keaton's own childhood — reared by a stern grandpa (Ralph Bellamy) but influenced by a "liberated" aunt (Margaret Bard) — are set to voice over excerpts from the : novel. These are poured like syrup, along with the piano music, over an idyllic lakeside setting. (It looks like On Golden Pond, but then so do



Gong Li carries food to the resistance fighters in "Red Sorghum"

Once grown up, our heroine falls prey to a wayward love life and to wacky Diane Keaton mannerisms. The latter worked a treat in Annie Hall, but here the stammers, gushy grins and "Aw shucks" gaucheries look a touch rehearsed. Cast too soon and too crudely as a lovable victim, Keaton's heroine never gets her fighting spirit into gear, nor does the film. Injus-tice wipes the floor with jus-tice. But instead of feeling that the film has struck a blow for realism — as in "Even the best of us can lose court cases and mess up our lives" — we feel that it has barely raised its fist: that its true sympathy lies with that infantile ldyll by Golden Pond, when the world was young and when pretty photography and saccharin music could offset the harsher

Michael Schweitzer's The Kreutzer Sonata is a deeply sedative adaptation of Tolstoy's novel. In what one pre-sumes to be the conversation carriage of a trans-Russian train, the middle-aged hero Podzyhov (Oleg Yankovsky) empties the dregs of his sexual and marital disenchantment into the ears of a fellow-passenger. ("I'm not keeping you up,

truths to come.

most Hollywood lakesides since that film).

Once grown up, our heroine falls prey to a wayward love

am I?" "No, no, not at all.")

Meanwhile, in flashback-land, we reprise his courtship, wedding, jealousy and eventual loping around in circles, chasmurder attempt on his wife. The veteran Schweitzer, who filmed Tolstoy's Resurrection with decorative glow 25 years ago, still believes that radiant triteness is all. In most of the film's flashbacks, especially its pastoral ones, one wonders if there has been a meltdown at a Vaseline factory: soft-focus is everywhere. Meanwhile, scenes

Deep questions these. The film itself, though, is less deep. A sly tease for an hour – and effulgently photographed by Raging Bull's Michael Chapman – it soon turns, like its heroine, from flirt to hard-to-

cid favourites as the lovers' rowing idyll on the lake or their slow-motion romp through woodlands.
Only the puckish, Protean Oleg Yankovsky (of Tarkov-sky's Nostalgia) does his best to keep us interested and conscious. Elsewhere the filmgoer feels like a drowning man who is shocked to find someone else's life, not his, passing Sleeping with a dead woman.

there's no future in it" quips someone in Lloyd Fonvielle's The Dead Can't Lie. But after a promising start, this shaggy-dog black comedy ends up lol-

of sexual passion use the sub-

tile symbolism of a steam-train's pistons thrusting in and out. And when in doubt as to what cliche to reach for next,

Schweitzer resorts to such flac-

ing its own tail. Why has primg its own tall. Why has private eye Tommy Lee Jones been hired to find a client's dead wife? Has the lady come back to haunt him? If so, could she be the weird, pop-eyed blonde (Virginia Madsen) who befriends Mr Jones and who resembles an attempt by Hollywood's genetic engineering wood's genetic engineering department to combine Bette Davis with Joan Crawford?

Last and by all means least, the futuristic Stipstream. In a world where Nature has gone mad," five folkloric characters with names like Tasker, Byron and Ariel charge across exotic landscapes, chasing each other with flying machines, cut-rate special effects and unspeakable dialogue. Directed by Steve (Tron) Lisberger, the film and its convoluted plot are like a video game you neither understand nor want to. The alipstream of the title, by the way, is the "river of wind" on which the adventurers travel. Enough

Nigel Andrews

## 200% and Bloody Thirsty

Forced Entertainment, the Sheffield-based theatre group, is one of the most interesting companies of the late 1980s. But their new show, 200% and Bloody Thirsty, visiting the ICA as part of the "Myth and Ritual" programme, shows they are still struggling to establish a consistent identity. Last year, they came to the ICA with Let The Water Run Its Course, a post-apocalyptic vision of England with lots of slapping and slurping and a flatly intoned Yorkshire commentary on tape. A similar discordancy underpins these unseasonal revels, with two cherubs on close circuit television litanising their intentions of making asbestosis a thing of the past, or of saving a woman who sleeps out in the snow, while the onstage trio of actors launch into a Christmas knees-np of horrendously

boozy banality. The stage is awash with old clothes and marked off by six bare trees. Two boys and a girl awake from a state of sleeping innocence and don cheap clothes and wigs. They yell at each other and squirt beer in all directions while rock 'n roll blares ont of the television. It gradually emerges that these are neighours trying to

make themselves heard. A woman is pregnant and a cou-ple needs a bed for the night. The encounter is repeated with various permutations of personnel and verbal intensity. Asceoding the climbing frame stucture that signals a halfway station between heaven and earth, the characters assume the more formal and earthily eloquent speech rhythms of the Yorkshire Mystery Plays. An oscillation is set

np hetween contemporary urban desolation and the Biblical story of the Nativity, the latter represented by the lager-loutish, screeching humans adopting the false pos-

ture of the actor. But for all its surface confidence, the event fails to achieve any coherent theatri-cal impact. It stutters and makes noises, but is not really saying anything of much value or significance beyond, well life and death, it's a funny old game. Old folk sleep out under a snowstorm of soap flakes. A

child is born in a tip.

The televised angels recall the happy sounds of birdsong and cars rumbling along the old M4 Motorway. They wastch wryly the muddle and blather below. The trio strip down again to underwear and reenact the Nativity in muted mutters, cardboard wings fixed to

their backs.

This follows a more disturbing episode of charging around mit brown paper bags on their heads. The Paper Bag Players, perhaps, back from the 1960s. I think not.

The acting of Cathy Naden Robin Arthur and Richard Lowdon is full of commitment and there are moments of charm characteristic of the company. The direction by Terry O'Connor and Tim Etchells is confident and positive. The proceedings are dominated by a skyscape of scudding clouds framed by oeon strip lighting, the show's mysterious title emblazoned in red lettering. One day this work will erupt. For now, I can file only a slightly disappointing prog-

Michael Coveney



Richard Lowdon and Cathy Naden

Who's Afraid of

Virginia Woolf?

Timon of Athens

The Gran Scena BLOOMSBURY THEATRE

opera what the Ballets Trock-adero di Monte Carlo is to dance, and more. That is, they're all men, even the Among their many fans are Dame Joan Sutherland and Leontyne Price, which might be considered as taking ont insurance on their part, but to noavail. The company's programme at the Bloomsbury. Theatre, at which I laughed myself sick for a whole two and half hours, leaves no diva's reputation unscathed: their deadly parodies, each with its undeniable grain of

truth, strike home with the accuracy of a poisoned dart in the rain forests. The comedy works at an infi-nite number of levels, from the basic drag joke, to the short tenor joke, the singers always spit joke, the "I can sing any note longer than yon" joke, and on to some rather sophisticated ones, like the cadenza joke ("Ah non giunge" deftly inserted into the Mad Scene

from Lucia).
In extended scenes, like the Lucia and most of Act Two of Tosca, tha inspired visual lunacy is in the great tradition



Vera Galupe-Borszkh (Ira Siff)

of the Marx Brothers and Mel Brooks, yet at the same time sopranos we know and love go down like ninepins: I shall never be able to watch Caballé, Scotto, Dame Joan, even Callas again without memories of Vera Galupe-Borszkh (aka ira Siff, director and onlie begetter of the Gran Scena) shaking miss them. their gory locks at me. The best thing is, they are

also extremely capable singers Falsettists or no, they perform in the original keys, and I have heard Brünnhildes with less respectable Cs than Mme Gal-upe-Borszkh'a, and "Cruda sorte": worse sung than it is by Philene Wannelle: at least she manages it in one register, unlike — oh, never mind. Transposition is allowed only to Gabriella Tonnoziti, the world's oldest soprano when singing Mimi ("I'm 105, give me a break ). This last, actually, is almost too acid a portrait of an old duck leaning on a stout walking stick and furiously sucking her dentures. Nothing

Items are linked by hostess Sylvia Bills ("America'a Most Beloved Retired Diva"), who adds her own brand of homely, inconsequential saccharine with the occasional barb - it would be cheating to reveal which of today's best-loved sopranos is described as "a viable alternative to valium." To find out you will have to go to the Bloomsbury, where Gran-Scena are playing until Febru-

Rodney Milnes

CROYDON WAREHOUSE Dryden's bete noir Shadwell was certainly the first, and

undoubtedly not the last to claim of Shakespeare's flawed tragedy "I can truly say I have made it into a play." The con-sensus, throughout much of its history, seems to have heen that it demands - and deserves - adaptation, and once more into the breach charge Red Shift, with a read-ing as interesting in its weakses as in its strengths.

The first thing to point out is that this is not Timon of Athens, but a remoulding of its themes, obsessions and some of its language into the story of a man-hating woman. Unlike their brilliant update of Molière's satire The Misanthro-pist, little sense emerges of reciprocal illumination of text and context for a start, Adrian Johnston's music is sung far better than Shakespeare's verse is spoken.

One emerges from the thea-tre with a sense that Jonathan Holloway, Red Shift's co-founder/director, does not think much of the original play but is intrigued by its possibili-ties. One also emerges with a

The intense and baffling hour and twenty minute show is performed without interval around, in and in front of a curtained colonnade by five actors with chalked, masklike faces and costumes that fall in sculptural folds like the tex-tiles in early biblical paintings.

Gathering together into the first of many tableaux they sing of manipulation, listening, eavesdropping, before drifting apart to enact the story of the Lady Timon, beginning with the hanquet at which she indulges ber guests while fondling a shiny red apple.

The textual basis for the sex change would seem to be Timon's Act Four exchange with his steward about the absence of bonest men: a simple shift of emphasis transforms it easily into a separatist rant. But the beart of the transformation lies in the pro-fuss picture-making of designer Charlotte Humpston and the equation of financial extravagance and sexual wan-

strong suspicion that he has tonness, which is spelled out not yet fully worked out where by the crazed Timon as she those possibilities begin and end. Rible

The contributory guilt of female social postures is also painted in. "A woman must continually watch herself," we are told at two separate points. "She is almost always accom-panied by her own image of herself." From the gushing enunciation of a professional bostess. Kate Fenwick's Timon turns to the reproachful tones of injured innocence as she rebuffs her (male) supplicants one by one and dreams np images of the crucifixion to illustrate her misery and contempt. In one, two women weep at a man's feet; in the second the sexes are reversed.

The richness of the show to eve and ear, and the skill of the performers in handling a drama which adopts the pos-tures of traditional masque in pursuit of a modern tragedy, did not conceal the suspicion that for once in Red Shift's work, style had overthrown

Claire Armitstead

#### **ARTS GUIDE**

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#### **EXHIBITIONS** London

The Boyal Academy. Italian Art in the 20th century: after Ger-man and British, the third in the Academy's roughly biennial sequence of major national sur-veys. A remarkable exhibition. Until April 9.

Grand Palais. Paul Gauguin. Coming after Washington and Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary peture mandii, influenced at first by the impressionist Pissurro and later by Degas and Cezanne. Until April 24. (42.96 sa 200.

58 30). Leuvre, Pavillon de Flore, The Rembrandt school is on show at the Louvre. It consists of 29 canvases by Rembrandiesque artists and is especially interest ing in view of the recent controversy about attributions of some of Rembrandi's own paintings. Closed Toe. Ends March 27. (42

## 60 39 26).

Musée Bellevne. Les Flacons de la Seduction. The art of per-fumery in the 18th century. 7 Place des Palais, Ends Feb 19. Palais Des Beaux-Arts. 34th Bel-gian Antiques fair organised by 48 Belgian collectors and dealers. This year's theme is "the unex-pected" — l'Objet ingréeu. Ends February 12, 513 4831.

Boymans-Van Beuningen Museum. Twin exhibitions on Rembrandt and his school com-

prising a lavish 200 drawings and 30 paintings, all from the museum's own collection. Ends March 5.

#### Stuttgart

Stuttgart Museum. Key works from the Thyssen-Bornemisza collection covering the period from the 14th-18th centuries, as well as works by Hobein the younger, Frans Hals, Peter Paul Rubens and Albrecht Dürer.

Museum der 20 Jahrhunderts Klassische Moderne, s collection of the Museum's contemporary Hermes Villa, Portraits by the fin-de-siècle artists, Gustav Klimt and Emilie Floege. Ends Feb 19.

Villa Farnesina, Via della Lungara 230. Over 100 flerce lith-ographs by the French artist Honore Daumier, most of which originally appeared in the Parisian satirical paper Charlvari. Until Feb 28. Galleria Nazionale d'arte Mod-

erns. Witty conceptual art by one of the best of the middle genation of Italian artists, Giulio Paolini, Until Feb 26

**New York** 

Museum of Modern Art. The first retrospective of the work of Andy Warhol since 1970 sur-veys all his work from the 1980s, covering the Campbell's Soup cans, slikscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and self-por-traits. Ends May 2.

National Gallery of Art. Cézanne: the Early Years. The exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist techniques. Ends April 30. Chicago

Art Institute. Dante Gebriel Ros-setti, J.E. Millais, Edward Burne-Jones and Simeon Solomon take centre stage for this British drawings show, called "From the Ridiculous to the Sublime," which covers a century from Thomas Rowlandson's satires through Turner and Lear to the pre-Raphaelites. Ends March.

#### Tokyo

Striped House Museum, Exhibition of paintings by Kiyoshi Koizumi, third son of the late 19th century writer, Lafcadio Hearn, who became e naturalised Japanese citizen. Idemitsu Museum, Arts and

Crafts from China. This museum boasts a superb Chinese collecboasts a supern Changese consec-tion, of which only e small selec-tion can be displayed at one time. There is a fine view of the imperial Palace moat. Opens

Imperial Palace most. Opens
Tuesday.
Telen Museum. Paintings by
Leonard Fujita (1886-1968), one
of the first Japanese artists to
live and work in France and
whose arrival in Paris in 1913
coincided with the first flowering
of modernism. Closed Wednesday.

## February 3-9

Sims as a convincingly American Martha, but she is not complaining of the home in which she and her husband George, an equally convincing James Bolam, are living at an unnamed Eastern US university. What she wants is to start an argument with him about Bette Davis movies. They have just come back from a President's party, and Martha has invited a new young professor and his wife to call on them, though it is two o'clock in the

What a dump!" moans Sylvia

morning.
If she thinks she lives in a dump, the fault must lie with designer Roger Bntlin, more often at the opera than the drama. The Rep's vast prosce-nium opens on to a stage big-ger than Covent Garden Opera's, and to put a four-handed comedy into such a space is a problem. What we have is a wide, round room with some round tables (one well stocked with booze), a long sofa on each side, and piles of books, files and cushions along the circumference. The main entry is by a dark passage upstage centre. Exits at either side, unmarked by doors, lead downwards. This is an imagined room.

What makes it into a dump, if it is one, is the pervasive ill-nature of its occupants, an ill-nature always disguised as comedy. One of the first jokes the visitors, Nick and Honey, are subjected to is George's threat from a shotgun that fires only bonquets — an analogy indeed of much of the party's talk. The sole conversational territory from which Martha has been banned is "the bit." We are not told what the bit is, but we learn early in the second of three acts, when she invades it. It is the pre-tence that George and Martha have a child.

This second act is subtitled Walpurgismacht. George labels its events with comic titles. "Humiliating the host" con-

cerns the story of a boy who accidentally killed both his mother and his father, the subject of a novel George wrote but kept from publication at the President's stern request. Autobiographical? Little in the play is definitely truth or invention.

In "humping the hostess," Martha leads Nick into an attempted seduction, where be fails in performance, as the Porter in Macbeth could have warned him, and becomes a target for mockery. "Get the guests" deals with poor simple Honey's story of an hysterical pregnancy prior to ber mar-riage, ber determination not to have children.

Beatie Edney is truthfully childlike as sad little Honey, the ricb, naive wife of Nick, the professor of biology, a man of solid certainties. Jerome Flynn keeps Nick solidly in the land of learning in the working hours and hard exercise between lectures.

This is not the land dwelt in by George and Martha. Their world, as we see it here, is as invented as their dump of a sitting-room, and they get clever performances from Svlvia Sims and James Bolam that match Edward Albee's operatic thought behind their lines. There is a touch of selfawareness in Bolam's movements that goes with the liter ary assurance of his talk; and Sylvia Sims spans the gamut of her feelings with such confidence that we can hate ber and admire her in the same breath. Her solo aria at the start of Act

3 is masterly. The details of John Adams's direction are perhaps guided by the dimensions of the stage, but having come to terms with them, he is never awkward or apologetic. The glittering hor-rors of this fine play are revealed in all their unlovely

B.A. Young

#### FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 48Y Telex: 8954871 Fax: 01-236 9764/5 Telephone: 01-248 8000

Thursday February 9 1989

## Hold off withholding

pean Commission's proposal to introduce a minimum tax on savings, there is one that stands head and shoulders above the others: it would not above the others: it would not achieve what it is meant to.

The proposal is prompted by the forthcoming freeing of capital movements within the EC. A number of countries, led by France but including others like Spain and Italy, fear the consequences. They claim that savings will flow out to counsavings will flow out to countries like Luxembourg, which do not deduct tax at source. The answer, says the Commission, is a minimum 15 per cent withholding tax to be applied by all member states on inter-

OF ALL the persuasive

argumeots agaiost the Euro-

reducing the impetus to ship savings ahroad. This would oot work. Lifting national exchange control regimes will allow capital to flow freely far beyond Europe. There are many countries which do not levy withholding taxes: Switzerland, for instance. One, entirely unac-ceptable, way to prevent this would he via e European exchange control policy. The alternative would he to persuade the rest of the world to follow the European lead. The Commission argues, implausi-bly, for the latter.

est paid to EC residents, thus

#### Wrong answer

Apart from not working, the 15 per ceot tax would put European financial centres at a competitive disadvantage, hecause European savings would go elsewhere to evade the tax. It is important oot fo overstate this, though. The tax would not apply to Eurobonds: even the Commission has spotted that this would be disastrous, driving the international capital markets out of the

Community altogether.
It would also not apply to dividends from equity investment. The imputatioo systems already in place provide a mechanism for deducting tax at source. Although not technically a withholding tax, this

has the same effect.
If the Commission's proposal is the wroog answer, what is the right one? Firstly, to work out the scale of the potential problem. The response should be related to the tax poten-

claims that the move has not led to significant tax evasion though by its nature evasion is impossible to quantify with precision. Not declaring income from investments in other countries is illegal; most people do not break the law merely hecaose they have a good chance of getting away

Nevertheless, countries like

#### Leap in the dark

France understandably feel concern about their leap in the dark. The answer should be a tougher enforcement regime -one developed in conjunction with tax authorities around the world, not just within the EC. Effective enforcement depends on knowing the facts about a particular taxpayer. This is recognised in hilateral tax treaties between countries, which already allow for extensive exchanges of information. It would be further bolstered by a joint OECD/Council of Europe proposal, floated last year, to allow tax authorities to share information multilat-

Unfortunately the UK has already declared its intention not to sign this draft convention. Others think differently, and could still hreathe life into the convention.

That information is the key is partly recognised by the Commission: its proposals yes-terday include amendments to a directive on mutual assistance between tax authorities. This has been in place since 1977 bot has failed to make much headway; it is unclear whether the proposed amend-ments would further the cause

A far greater advance would be to require banks to give information about the recipients of interest to their local tax authorities. Such information is afready available in the UK. Denmark and the Nether-

Countries like Germany and Luxembourg, which put a high price on bank secrecy, would balk at such a suggestion. But if the dangers of tax evasion arising from free capital movement are as acute as the Commission claims, a radical pro-posal like this is simply the only answer.

## Shrinkage in the gilts market

THE LEAST attractive features of the Loodon securities markets in the days before Big Bang was the exorbitant level of dealing costs at the long end of the gilt-edged market. There, from the investor's point of view, lay much of the rationale for the liberalisation of the old Stock Exchange. A new review of the reformed gilt-edged mar-ket structure by the Bank of England suggests that investors have not been slow to take an overdue reveoge. Gilt-edged market makers' operating losses reached an astonishing £190m in the first two years.

#### Big economies

Unlike the equity market, where the henefit of reduced dealing commissions has been off-set hy wider dealing spreads in some parts of the marketmaking system, the gilt market has delivered overwhelming economies, especially to larger investors. For the great major-ity who hy-pass the agency hrokers and deal directly with market makers, dealing costs have halved while the size of individual transactions in which market makers are pre-pared to deal has increased. The speed of execution has accelerated considerably. Looked at from the Bank of

England's point of view the outcome has been equally encouraging, at least in the short term. Its five key require-ments for the new market were liquidity, competition, interna-tionalisation, regulatory and prudential supervision, and the introduction of new technology. On all counts the Old Lady proclaims satisfaction.

The average daily turnover

has doubled and an actively traded futures contract is in place. Foreign firms have entered the market and the Bank is confident that it knows the position of each individual company. There have been withdrawals from the market but at no cost to the confidence of investors in the soility of the remaining institutions to bonour their obligations. Above all, the unbealthy degree of concentration in the old market, where two jobbing firms conducted three quarters of all the business, has given way to a more competitive

environment.
Compared with a total of eight jobbers before Big Bang

there are now 22 market makers, down from 27 at the start. Six firms, but not always the same six, have accounted since October 1996 for around 45 per cent of the husiness. Many of those involved are predictably unhappy about the poor level of profitability. Yet this was widely foreseen when, with

consultation, the Bank designed the new market struc-

would-be participants.

In normal circumstances the Old Lady might have heen expected to show greater con-cern that the capital of the market has eroded from a peak of £610m to only £420m in a mere two years. Market mak-ers have admittedly been able to pare their weekly losses from £4m a week, during the summer months of 1987, to under £2m a week for the last nine months of 1988. But even that constitutes an impressive rate of attrition.

#### Big Bang irony

But the circumstances are not normal because of the contraction in the government deht market itself. Indeed, one of the ironies of Big Bang is that its higgest achievement for the investor has been won just at the point where the gilt market is about to become a backwater in the global bond market. If the process of disin-flation continues it is inevitahle that government debt mar-kets in the developed world will go on shrinking. That in turn raises a difficult question both for those who deal in gov-ernment debt and for individual financial centres.

Most participants in the London gilt market are responding to this situation by seeking to use their market making capa-bility to assist other activities such as interest rate and cur-rency swaps. They are also diversifying into other bond market areas, notably corporate fixed interest sterling activity has been expanding. But with no evidence of reduced competition in the gilt market itself, there must soon be further shrinkage in the gilt-edged market making fra-ternity. All 22 cannot indefinitely escape the continuing shrinkage in the raw material of the business.

#### Anthony Robinson reports on political corruption in South Africa

he Botha era is ending as it began, with a whiff of political and financial corruption. The man who became Prime Minister in 1978 by taking advantage of his main rival's involvement in a scandal over misappropriation of funds is now being forced by ill health to relinquish power over a Government which he kept together largely hy fear, but which be could not keep clean. Sensing the Government's vulnerability, opposition lead-ers from left and right jumped on the corruption issue during the opening of parliament dehates in Cape Town this week Mr Andries Treurnicht, leader of the right-wing Con-servative Party, complained that "corruption has reached such a point that the office of MP has been tragically demeaned." Mr Treurnicht is well aware of growing popular resemment over high taxes levied to sup-port what many perceive as the opulent life-style of senior officials and politicians. He attacked the way corrupt poli-

## Stuck deep in the mud

exchange regulations involving the purchase of aircraft for his Chieftain Air company, and illegal fund raising for his Ciskei-based bank, Eurohank. According to evidence revealed hy the Harms Commission, set up by the Government to investigate the involvement of South African citizens in hlack homeland corruption, Euro-hank continued illegally to raise millions of rand in deposits in defiance of orders to

desist by the Reserve Bank. The Reserve Bank itself has come under attack for failing to police effectively the complex two-tier rand system, introduced in September 1985 in the wake of the withdrawal of US banks. The result has been large-scale foreign exchange losses from "round-tripping" – the illegal exploitation of the 40 per cent discount of the financial rand to the commercial rand.

The extent of corruption in recent months makes the 1970s scandal which brought Mr Botha to power pale by comparison. This case — known as the Info-scandal. — was the first to reveal the corrosive effect of long years in power, the growth of bureaucracy and the habit of secrecy on the South African political system. clandestine use of public funds to set up pro-South African lobbies ahroad and pro-government newspapers at home to improve South Africa's image after the 1976 Soweto uprising and the start of the war in

Angola. It was accompanied by

foreign exchange violations, misappropriation of funds, and lying to parliament by Mr Cor-

nelius Mulder, the Minister of Information and heir apparent to the Prime Minister at the time, Mr John Vorster. He denied that a new English-language newspaper, the Citizen, was government funded and was forced to resign when the proof came to light. Mr P.W. Botha, until then an outside contender, stepped in and won

the leadership. During his decade in office the powers of the presidency have sharply increased. The system of government has been overhauled to meet the presumed challenge of a "total onslaught" against the state from inside and abroad. The ensuing "total strategy" increased the size and secrecy of government and the military-security complex but diminished accountability to

During 41 years of National Party rule, many checks and balances have gone

arliament and restricted civil liberties, including press free-dom. It led to spartheid reforms, a split in Afrikanermilitary-industrial complex. But it has not fully addressed the issue of democratic participation by all races.

Pretorls has opted for an unstable and expensive amaigam of coercion and co-option. The fruits can be seen in 10 black homelands, three racially separate houses of parliament for whites, coloureds and

Asians and a jungle of bureauasians and a junge of bureau-cracies. The profusion has con-tributed to the morass of politi-cal payoffs, corrupt land and property deals, and financial rand irregularities which have surfaced in recent months.

None the less, South Africa's political system is still espable of policing itself. Some of the most damaging revelations have emerged from judicial commissions set up by the Government itself. Despite media restrictions, sections of both the Afrikaans and English press have kept their focus on the issues and allegations. The courts, although severely ham-strung by draconian security legislation, remain free to investigate and condemn.

Outspoken critics, like Mr Ken Owen, editor of Business Day newspaper, believe the root of the problem lies in the absence of an alternative gov-ernment. During 41 uninter-rupted years of National Party rule, many of the old Westmin-ster-style checks and balances sterstyle checks and balances have been removed. The "imperial presidency" created by the 1984 constitution has also proved open to ahuse. The state-rum radio and television system, for example, has been reduced to a government propaganda agency. Its director general, Mr Riaam Eckstein, was dismissed by Mr P.W. Botha last year in what some felt was an act of personal pique. Other questionable uses of presidential power include Mr Botha's intervention to prevent the murder trial of six soldiers in Namibia, subsequently overruled by the Namibian bench.

Mr Pik Botha, as Foreign Minister the man in charge of relations with the so-called "independent states," shrugged his shoulders when faced with criticism recently. The Government, he said, calculated that around 5 per cent of the more than Ribn (\$470m) which Pretoria channels to the homelands each year is "misappropriated." This was written off as "learning money," the inevitable consequence of giving money and responsibility to money and responsibility to African chiefs whose culture included the receiving of "gifts" and dispensation of

Echoes of this relaxed attitude towards real or presumed tribal customs re-emerged last month. After months of public denials, Mr Soi Kerzner, the South African entrepreneur who has built luxury hotels and gambling salours in all the homelands, admitted to the Harms commission that he had knowingly paid R2m to secure exclusive gambling rights in the Transkei homeland. His lawyers explained that Mr Kerzner, who was seeking to protect well over R100m of investment in the homeland. the victim of extortio the perpetrator of a crime. Senior executives in his companies concurred.

Whether a new government will he able to dispel the scent of corruption remains to be seen. What may linger on, however, is a public distrust of government, which cannot be so easily eradicated.

## BOOK REVIEW

## Fluency that deceives

ne of the curlosities of the French intellectual scene is the facility with which prominent figures in public life produce books on current affairs. With the politicians, this is perhaps to be expected: Valery Giscard d'Estaing had plenty of time to write Le Pouvoir et La Vie after he lost the Presidency in 1981, and the discovery that he had real literary talents did much to boost his reputation; and just as Michel Rocard had time to write Le Coeur a l'Ouvrage before he became Prime Minister, so Edouard Balladur has just published Passion et Longueur du Temps six Longueur du Temps six months after he ceased to be Finance Minister.

More surprising are the intellectuals who manage to combine the writing of books with major responsibilities in the world of business. In this category there are two particu-larly prolific authors – Michel Albert, the head of the major insurance gronp AGF, and Alain Minc, head of Cerus, Mr Carlo de Benedetti's French

holding company.
Last year, Michel Albert published a populist analysis on the management of the world economy in tendem with Jean Boissonat, director of the Expansion newspaper group, under the title Crise, Krach, Boom. It brought his total so far to three books. But Alain Minc has just produced his sixth book, La Grande Illusion, a politico-militaro-industrial-economic essay on the dangers facing Western Europe in the

years immediately ahead.
Although Minc is almost 20
years younger than Albert, the
two men have at least three things in common Each passed through the slite Ecole Nationale d'Administration, each went on to become inspecteur des Finances, and each writes with a fluent certainty about how to manage the affairs of a complex world. Readers who feel that the flu-ency and the certainty are both overdone should remember that this is what their training was designed to engender.
The thesis of La Grande Illu-

sion is that any facile euphoria surrounding the Single Euro-pean Market, post-1992, is sadly misplaced. What is happening, he tells us, is that the Western Europe of which the European Community is the core, is gradually being displaced by a Con-tinental Europe of which Gerwhich West Germany's urge for reunification, its need for demographic reinforcements from East Germany, its aver-sion to nuclear weapons, and its lack of enthusiasm for the integrationist model of the Communist world, will lead to the Finlandisation of Europe.

The response to this prob-

lem, according to Mr Minc, is

LA GRANDE

By Alain Minc Bernard Grasset, FFr 98.00

that France must abandon the isolationist residue of its Gauliist defence doctrine, in order to extend its nuclear guarantee to the defence of Germany, must multiply the political and insti-tutional links with West Ger-many, and must press full steam ahead for maximum integration in the EC.

At least, I think that this is

what is proposed. Mr Mine's style is so turbulent, the prose such a mighty rushing torrent of Cartesian antitheses and seven-point paragraphs, not to mention sweeping assertions of doubtful reliability, that the reader's recurrent need to cry-Wait a minute . . . swept away each time by the flood of words.

Yet there are obvious diffi-culties with the central argument. There are many in France who fear that West Germany is liable to slide towards neutrality. They may be right; but what Mr Minc fails to detail is the scenario by which this neutralism would be expressed. Would Germany leave Nato and the Commin-nity? Could the Soviet Union permit East Germany to reunite with West Germany on any terms? Are we seriously to believe that the Soviet Union will seduce West Germany eco-nomically, by borrowing up to the hilt in order to buy Ger-

The counter-strategy seems as questionable as the danger. Mr Minc tells us that France must extend its nuclear guarantee to the Elbe, but this excursion into nuclear strategy merely conveys the sense that he is out of his depth. Nuclear guarantees cannot be handed out like that. Moreover, Mr Minc's suggestion that France should publicly undertake to provide a nuclear detonator for the US nuclear deterrent might or might not impress the Russians; but if it were taken seriously by anyone, it would cer-tainly enrage the Americans (whom Mr Minc wishes to retain for the defence of Europe), and it would terrify the Germans, driving them faster towards the anti-nuclear neutrality from which he wishes to save them.

Mr Minc always gets a very respectful hearing in France, because he is a brilliant young man who epitomises the intel-lectual glitter which the French so much admire, and the worldly success of the man of action. But in this case, the result of so much brilliance israther disappointing.

Ian Davidson

#### Referee for Imro

ticians could resign in disgrace but still pick np generous

but still pick np generous golden handshakes and pensions. For Mr Zach de Beer, leader of the liberal Progressive Federal Party, "It is the foolish, morally unacceptable and impractical policy of apartbeid which fosters the conditions in which corruption flourishes."

President P.W. Botha is

President P.W. Botha is absent from the dehate; his mild stroke last month has

removed him from the central

role he has played for more than a decade. But the manner

of his surprise resignation as party leader on February 2 shows that he has lost none of

his powers of intrigue. Mr F.W.

de Klerk, the wily Transvaal

party boss with an impeccable

party boss with an impeccable Nationalist pedigree, scraped in as party leader by 69 votes to 61. But Mr P.W. Botha's tactic of calling an election for the party leadership without warning bore all the hallmarks of the life-long party organiser and the autocratic – many prefer the word building.

prefer the word bullying -

style of his presidency.
Until Mr Botha gives up his
positions as head of state and
government, Mr de Klerk will

remain uncertain of his pow-ers. But he cannot remain

indifferent to the need for

restoring the party's reputa-tion after recent scandals. Last month Mr Pietle dn

Plessis, the Minister of Man-

power, resigned after allega-tions — which be denied — that he had abused his position to favour business deals made

by his son and the son of a senior official from the Reserve

Bank. In separate incidents

two other National Party MPs were also forced to resign. Ear-

lier three senior ministers were

cited by a judicial commission

investigating the affairs of a wealthy Pretoria attorney, Mr

Albert Vermaas. He frequently

according to local press reports – invited ministers, senior government and

Reserve Bank officials and mil-

itary men to lavish house par-ties or hunting trips in his pri-vate game reserves. Since November Mr Vermaas

has been under investigation for alleged violations of foreign

■ Richard Youard is leaving Slaughter and May, the City solicitors, after 30 years to become the Referee at Imro, ture and made its invitation to and rather a lively appointment he may turn out to be. Imro is the Investment Management Regulatory Organisa-tion. It is not quite bound by statute to have an independent arbiter to deal with complaints against Imro members from investors who have lost money, but it has decided to

give Youard a pretty free rein. The decision took a long time. Youard says he was approached "in a typically establishment way" about a year ago. John Morgan, the chief executive at Imro, said the details took a lot of working out, including what the new post should be called. Ombudsman was rejected in favour of Referee, very much

Youard admits that he is an establishment choice in that "ohviously Imro would oot have wanted a full-blown nut-ter". And, of course, Slaughter and May is very much a blue chip firm. But, says Youard, there have been lots of changes in the City over the years, it has become less congenial and he would like to be free to give more of his views in public. For example, he thinks that the Bar has brought Lord Mackay's proposed reforms upon itself. He may have something to say about it, but does not want the reputation of becoming "a noisy loony." He also says that working

"full bat" at Slaughter and May - "the only way you could do lt" - made it very difficult to do any kind of public service work, though he has been a DTI inspector. Imro will take perbaps two days a week: investors' complaints have been running at about

50 a month. Now 56. Youard will take other jobs as well, but will be "fairly choosy" about accepting noo-executive directorships. "I know a lot about business,"

*Observer* 

he says, not immodestly. He plans both to write and to lecture, perhaps with a special emphasis on education.

#### Oxford style

■ Alain Camu, managing direc-tor of Petercam Securities and a director at merchant banker HIU Samuel, prepared himself for the commercial unification of Europe at an early age. He noted in his teens that technical men predominated among continental business leaders, while in Britain accountants were the thing.
Thus he set out to equip

himself for an international future with bouts of further education in England and Belgium, adding a masters degree in economics from Yale for

His first move, he told an FT conference in London yesterday, was to present himself for interview at Christ Church, Oxford, with a view to studying engineering. The then Hugh Trevor-Roper, now Lord Dacre, peered at the 17-year-old Camu, and in his best Lady Bracknell voice, said: "Young man, you mean you want to come to Oxford to study phemb-

#### IMO election

What could be a hot election campaign opened yesterday for the top job at the Interna-tional Maritime Organisation, the only UN agency based in London. Its Indian Secretary-General, C. P. Srivastava, is retiring after 15 years. The contest is likely to be between the developed nations, represented by the traditional

ship-owning countries of



"Tm afraid you failed your tougher driving test on four counts, Mr Bartlett."

Europe and North America, and the Third World. Norway has got in first with the nomination of Laif Nygaard, a career civil servant who organised a successful restructuring of Norwegian shipping to cope with a decade of recession. Nygaard has fre-quently represented Norway in negotiations on international shipping issues over the last 15 years and knows most of the IMO ambassadors. His Government is taking the election very seriously, partly because it believes that Norway is under-represented at the top of international organi-

Nygaard is certain of two votes - from Norway and Sweden, and hopes for support from six other European mem-bers plus Poland and the Soviet Union, which is said to be sympathetic. Two other candidates may be about to enter the fray: William O'Neil.

the Canadian head of the authority which runs the St Lawrence Seaway, and Thomas Mensah, a Ghanaian who is one of Srivastava's three depu-ties. Mensah contested the last election 16 years ago and is likely to get African support. But the key will lie with the Asian and Arab delegates. The 32 members of the IMO Council are due to vote in June.

#### Sad departure

■ Washington's Representative to the European Communities, Alfred Kingon, has earned a high reputation in Brussels in recent months both for plain talking and for bringing his moderating influence to bear on the often rocky relatio between Europe and the US.
It comes as slight surprise therefore – and perhaps to Kingon himself – that the new US Administration has not asked him to stay on. The 57-year-old ex-publisher

put a brave face on the resignation announcement yesterday, tion announcement yesterday, saying that "six years in government is enough", but admitted to "mixed feelings" about leaving the Community. "I believe in Europe, I believe in 1992, and I believe that, in spite of the problems that exist, there is a very reasonable chance that the Europeans will achieve all that they ans will achieve all that they want to do," he said. "I've never used the words Fortress Europe and I'm not going to

Neither his successor nor his next job have yet been confirmed, but Wall Street and magazine publishing are the most likely options.

#### Hope for BR

From our very own paper: British Rail's Network South East is replacing its old clocks, with digital ones to improve the punctuality of services, Lord Brabazon, a junior Transport Minister, said yesterday. He said that train drivers would find it easier to see the clocks and he have the clocks are the clocks and he have the clocks are the clocks.

to see the clocks and he hoped that trains would then run on

# 1992? No hay problemas Mijnheer! BRITISH VITA PLC NTERNATIONAL LEADERS IN POLYMER, FIBRE AND SERIC MATERIALS AND TECHNOLOGY. BERVING THE INSHINGS, TRANSPORTATION, APPAREL, PACKAGING AND ENGINEERING INDUSTRIES.

## r Nigel Lawson finde himself inundated with suggestions of how to increase savings. This is hardly surprising, since personal savings fell to only 1.3 year cent of personal disposable. per cent of personal disposable income in the third quarter of

Will the Chancellor dump these savings suggestions in the waste paper basket along-with the rest of the special pleading that he endures at this time of year? It appears likely from the view expressed in the latest issue of the Trea-aury's Economic Progress Report.

It concludes that, with the public sector budget close to balance, "an excess of private investment over saving will be financed from overseas ... This should cause no financing problems, given the prudent economic policies of the Government. The current account deficit is in any case likely to fall over the next few

likely to fall over the next few years." So the Treasury clearly believes that there is no UK savings problem or, if there is, it is already being corrected by current policies.

The true picture of UK savings was discussed on this page by Samnel Brittan last week. If the UK does, indeed, have a savings problem, it is not a recent one: the overall rate of national savings has altered little during the 1980s. It is helpful to examine the it is helpful to examine the three elements of that total: public sector savings; those of private corporations; and persepal savings. One might have expected the public sector's contribution to savings to have increased in the 1980s. It has not done so, to any large degree, because a large ele-ment in the Government's squeeze on public expenditure has been the curtailment of public investment. The savings of private corporations have risen, however, from 11.3 per cent of GDP at factor cost in 1980 to 16.7 per cent in the first half of 1988. Meanwhile, per-sonal savings fell precipitously - from 11.1 per cent of GDP at factor cost in 1980 to 3.2 per cent in the first half of 1988. Mnch of the decline has been concentrated in the short period since 1985.

There is a sharp contrast between the relative stability of total savings and the sharp fluctuations, in the compo-nents, Changes in inflation are partly to blame, of infla-tion a proportion of interest tion a proportion of interest does no more than compensate recipients for the decline in the real value of their capital. That proportion is, in effect, a form

of capital repayment.
When inflation is high, a sector with positive net assets has

The state of the s

#### ECONOMIC VIEWPOINT

# A Budget for savings?

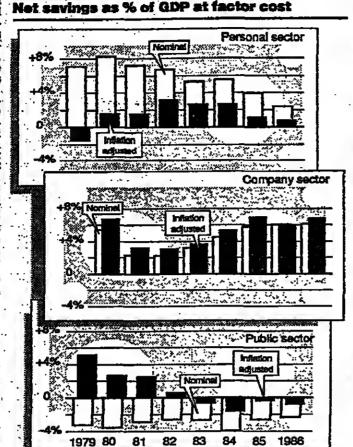
By Martin Wolf

an artificially increased income and savings rate, and vice versa. Consequently, conventional national accounts misallocate savings among sec-tors when inflation is high. They scale of the measure.

The Scale of the measure. ment error is revealed in the charts. They show both unad-justed and inflation-adjusted sectoral net savings between 1879 and 1986, after providing for stock appreciation and net capital transfers. The trend in household savings in the 1980s is entirely altered by this adjustment the high level of nominal saving in 1979, for nominal saving in 1979, for example, is transformed into dissaving. The sharp decline during the 1980s is made much less severe by inflation adjust-

These are simply accounting adjustments. But there are also economic links between the savings behaviour of the different sectors. For example, the Organisation for Economic Co-operation and Development estimates that the decline in the personal savings ratio between 1982 and 1987 caused 40 per cent of the total growth of private consumption in the UK over those years. When personal sector consumption stimulates economic growth in this way, both corporate profits and fiscal revenue will soar and the savings of both sectors

Another economic link between public and private savings is "crowding in," as the reduction in government borrowing improves the oppor-tunities for private borrowing. For the UK personal sector the most important of these economic links is with the savings of the corporate sector. The private corporate sector is, after all, directly or indirectly owned by the UK personal sector (except to the extent that it is owned by foreigners). One link between corporate behaviour and that of the household sector is via pensions contribu-tions. Pension "holidays" are counted as a decline in per-sonal savings. But the reduction in such contributions increases corporate savings, which then raise equity prices and so tend to increase per-



UK personal saving		
	Change in net wealth' as % of PDI*	Savings' as % of PDF
1977	11.66	10.01
1978 .	43.08	11,41
1979	45.80	12,58
1980	-14.20	13.82
1981	-28.92	12.79
1982	14.71	11.79
1983	40.92	10.38
1984 .	26.13	10,54
1985	22.75	9.48
1986	59.73	7.34
1987	53.15	5.44

Such changes in wealth are of more general importance. While measured personal savings rates have been declining (even on an inflation-adjusted basis), personal wealth

has been soaring. Since 1982

the increases in real net wealth of the personal sector (deflated

by the retail price index) have been so large that it is hardly

surprising that people have

been willing to reduce their

The scaring real wealth of the personal sector has been caused by the appreciation of the housing stock; and by the rise in value of its direct and indirect equity holdings (which together account for close to 70 per cent of all household

Overall, there are three prin-

 The overall national savings rate has not declined significantly over the 1980s • It makes little sense to focus on the savings behaviour

of individual sectors, especially when the conventional accounts are so misleading

The decline in the savings rate of the bousehold sector even after inflation adjustment has probably been influenced by increases in real wealth. When real asset prices no lon-ger rise at recent rates, one can anticipate a reversal of savings behaviour, too.

None the less, savings may be a problem. Perhaps the savings rate has always been too low; or perhaps the recent surge in investment, and the corresponding increase in the current account deficit has made it too low.

By international standards the rate of saving (and invest-ment) in the UK is, indeed, unimpressive. As a percentage of GDP at market prices, the gross savings rate of the UK in 1986, at 18.3 per cent, was 3 percentage points below the OFCD average and substantial percentage points below the OECD average and substantially below those of Japan (32.1 per cent), West Germany (23.4 per cent), Italy (22 per cent) and France (19.7 per cent), though somewhat above that of the US (15 per cent). In addition, net investment in the UK has been in marked decline, from over 9 per cent of

decline, from over 9 per cent of GDP at factor cost in the late 1970s, to below 8 per cent in 1986 and 1987. Even if a higher rate of savings were desirable in the long term, the Government

would deny responsibility for bringing this about. But so long as it absorbs some 40 per cent of GDP through a complex and distorting system of taxa-tion, can national savings really be none of its business?

More immediately relevant is

the macroeconomic problem caused by the surge of invest-ment in 1988. The right policy response has already been adopted: to allow fiscal drag to increase the public sector debt repayment, now expected by the IFS to reach £12bn in 1988-89, and to tighten monetary policy. The latter is particularly important since credit expansion has been behind the housing boom that has had such strong effects on house-hold wealth.

In the longer term, bowever, macroeconomic policy is not a particularly plausible means of raising national savings. Monetary policy will not remain this tight forever, while, sooner or later, a large Budget surplus is likely to mean higher expenditure or lower taxes. Whatever fiscal incentives might be cho-sen, they should be directed at raising the overall national savings rate, while not infect-ing a still unsatisfactory tax system with yet further distortions. Better still, the changes should remove old distortions, of which there are plenty in

The most desirable change would be towards an expenditure tax system, which would end taxation of savings alto-gether, but this has been ruled out by the Chancellor. The most attractive alternative would seem to be a lowering of the corporation tax rate. Furthermore, as the IFS notes in its Green Budget, there is an efficiency argument for lowering the corporation tax rate to the basic rate of tax because interest costs would then be attract the same tax relief as dividends.

this area.

So far as personal taxation is concerned the main problem remains the favourable treat-ment accorded to ssvings invested in housing and pen-sions. If the Chancellor does not feel able to do anything about these privileges, the ohvious alternative is to improve the treatment of other savings. One way would be to increase the size of Personal Equity Plans, while extending

the eligible range of assets.

The Chancellor has already chosen the best way of correcting the immediate problem of excess demand and (unless he is very imprudent) this is unlikely to change after March 14. What is not needed is the equivalent in the field of savings of the decision to make the health insurance contributions of the elderly tax deductible. Fortunately, despite Mr Lawson's claim that he has completed the task of tax reform, be possesses plenty of opportunities to do much better than this where savings are

Samuel Britton is on holiday.

#### **LOMBARD**

## How to solve a labour shortage

By Robert Taylor

Community are a comfortable haven of full employment.

In Sweden the official jobless figure is a mere 1.1 per cent of the labour force; in Finland the proportion is higher, but still only 4.7 per cent. in Norway the figure climbed suddenly this winter to 4.0 per cent, the highest total recorded there since the 1930s, but by Western European standards (over 11 per cent) it remains extremely low. In Iceland about 0.75 per cent of workers are without a

Low nnemployment has become the norm in these parts. Unlike most of the industrialised world, the Nordic countries outside the EC managed to avoid the return to maes nnemployment that occurred in the years after the 1973 oil price shock.

Indeed, the chronic lack of lahour is now the higgest ohstacle to the continuing growth of the Nordic econo-mies. In Sweden the Government is introducing supply side measures designed to encourage people to work harder, but the income tax cutting plan (announced last November) does not come into force until 1991. In the meantime. Sweden's main export industries are crying out for workers, particularly those with marketable skills; there seems little prospect of any immediate alleviation of what

is nothing less than a crisis. It is much the same in southern Finland; the engineering industry reports par-ticularly severe difficulties because of labour shortage. The Norwegian labour market is less bullish this winter, but the medium-term outlook suggests that in the 1990s one of Norwsy's biggest economic problems will be finding enough workers to meet

Certainly there seems little scope for finding the labour ong the existing population of the Nordic region. More women already go out to work there than in most other European countries. Extra supply, from older workers encouraged to stay on beyond official retirement age, is limited. The answer is surely for the

THE COUNTRIES of the area to encourage inward migration from the EC, where unemployment remains subunemployment remains sub-stantial. There could be no bet-ter tangihle way for Sweden, Norway and Finland to demonstrate their commitment to a greater convergence of their greater convergence of their economies with the EC. Indeed, the Nordic governments are — with varylng degrees of urgency — already starting to harmonise in line with the EC, in time for the creation of the internal market in 1992. The free movement of lahour is supposed to be a key element. However, until now the Nordic region has a patchy record in its attitude to the sensitive issue of immigration. To he

issue of immigration. To he eure, Sweden can boast a fairly generous policy towards politi-cal refugees and it provided job opportunities for economic immigrants before the 1970s. An estimated 10 per cent of the Swedish population are of for-eign extraction, though most come from Finland. (The high rates of marginal taxation ensure that it is well-nigh impossible for companies to recruit key foreign personnel to work and live in Sweden.)

The picture is more dismal in Finland and Norway. Less

than 0.5 per cent of Finland'e population is of foreign extraction; a state of affairs amounting almost to a national scan-dal. This week the Finnish Government announced that it would increase its annual refuwould increase its annual refugee quota, 300 a year, in stages to 1,000 refugees by 1995. in Norway, immigration controls were tightened up in 1983 — though only 3 per cent of the population comes from abroad. In Iceland the number of people of foreign extraction out. ple of foreign extraction outside the American Keflavik airbase is very small.

It would he a gesture of goodwill as well as a sensible act of economic calculation if the Nordic countries decided to remove immediately the legal and fiscal restrictions still hlocking inward labour mobil-ity. Helping to solve its own worker shortage crisis, at the same time reducing mass unemployment in the EC, would symbolise the admirable mixture of idealism and com-mon sense that has done so much to make the Nordic region one of the most affluent and equitable in the world.

acerbic side-swipe at the com-mercial banks "whose ability to waste customer's money in the pursuit of so-called profit is

the Housing Finance Associa-tion, and open its membership to those "embarrassing" banks, lacks conviction. The BSA's focus at its meet.

ing today should be on developing its mutuality traditions and the contribution it has made to social and economic development in Britain and around the world. A wider association is needed, embracing friendly societies, co-opera-tive societies, credit unions

and other mutuality bodies. The Government has snc-cessfully confronted various cessfully confronted various economic vested interests over the past decade. It has promoted each way bets on privatisation issues on terms no self-respecting greyhound racing ponter could ignore, but it has largely failed to move public attitudes towards self help.

The BSA could provide leadership and vision, not only in Britain but also in a wider

Britain but also in a wider European context. A broader representation is what is required. This may be hand to sell to certain self-congratula-tory, self-perpetuating oligar-chies. But it is worth trying. Bob Houlton, Principal, Co-operative College,

Loughborough, Leicestershire

Sir, I enjoyed Lex (February. 6) on the membership dilemma which Abbey National poses for the Building Societies' Association (BSA), and the

embarrassing."
However, the suggestion that the BSA should rename itself

## Problems in policy-making

From Mr Terry O'Shaughnessy. Sir, Samuel Brittan's olive branch (Lombard, February 6) is welcome. In fact, there is more common ground than he auspects, but to see this we must question a Keynesian assumption he seems to retain. Keynes assumed that, even in times of high unemploy-

ment, capacity was sufficient to employ the whole labour force. Keynesians like Lord Kaldor, who were certainly concerned about the growth of capacity, thought that sufficiently buoyant demand would induce entrepreneurs to create any required level of capacity. Unfortunately this is not so, at least in Britain. The problem was there even during the 1950s and 1960s; entrepreneurs who responded to high levels

of demand by expanding capac-ity were proved wrong when policy was reversed; those who had sat tight found they had not missed an opportunity.

Over time, the accelerator mechanism linking demand and investment weakened,

From Mr Graham Hallett. Sir, Samuel Brittan's argument (Lombard, February 6) that a country cannot have a

halance of payments problem, because any deficit could be eliminated by a monetary union with a "surplus" country, seems rather like arguing that a firm cannot have a lossmaking problem because it could be eliminated by a take-over by a profitable firm.

If a country with a "balance of payments" problem entered monetary union, this problem could well he replaced by

capacity growth slowed and the level of unemployment compatible with external balance increased. Massive scrappring in the early 1980s compounded the problem.

Certainly the resulting numbers look very like those for the non-accelerating inflation.

unemployment rate (Nairu); capacity constraints, in fact, provide an explanation of changes in the Nairu which we are likely to miss if we focus too singlemindedly on the labour market.
When capacity is tight, firms can more easily widen margins

without worrying too much about local or foreign competi-tion, while firms and workers together are much more likely to agree to wage increases, so that the inflationary process involves both product and labour markets.

If capacity constraints are

important in this way, it makes little sense to claim, as Mr Brittan does, that "it is the resistance of labour market institutions to market clearing

other problems - for example, higher unemployment. The fact that the belance of pay-ments is not the only problem does not mean that it cannot

Mr Brittan once argued that a country could not have a bal-ance of payments problem if it floated its currency. Both views seem to assume that trade flows depend primarily on price differences. But for many products today, price is less important than quality and performance. Anyone who looks in the shops must be real wages which constitutes the obstacle to full employ-ment" - there may be no such

Mr Brittan points out that alternative international arrangements could make the external balance as irrelevant as that hetween different regions of one country. Would that it were so. The problem is that it is hard to imagine countries in surplus willingly subsi-dising those in deficit for ever. Until the political changes required are carried through - and these would involve much more than monetary union and while policy is made at a nstional level, there will be stronger tendency for deficit countries to contract than there will be for surplus countries to expand their econo-

This is the world in which we actually live, and for which policies promising full employ-ment will have to be designed. Terry O'Shaughnessy, Pembroke College,

struck by the fact that most of the more sophisticated prod-ucts are made in Germany or Japan — which surely has a bearing on the balance of pay-

Economists have perhaps neglected the issue of quality and design because it cannot readily be encapsulated in sta-

Graham Hallett, School of European Studies, University of Wales, PO Box 908, Cardiff, Wales

#### Convey the message

From the Director General, The Building Societies' Association. Sir, Mr David Ashford (Letters, February 4) says that neither banks nor building societies ever sought or fought to provide conveyancing ser-vices, and that the idea was imposed on them by firms trated parliamentarians lobbied by a misguided Consumers Association." Mr. Ashford is wrong. The Building Societies Association has for several. years been fighting for building societies to be able to proconveyancing services.

Mr lain Gow (Letters, February 4) suggests a practical

aspect of conflict of interest, in 3 Savile Row, W1

that a lending institution's From Mr Chine Bradley. in-house solicitor's duty to his employer might conflict with the advice which might be given by that solicitor to a customer client, in relation to, say, lending charges. In practice, solicitors are not

asked for, are not qualified to give, and do not provide advice on such matters. If house buy-ers want euch advice, then independent solicitors will get their business. But for those who merely want a solicitor to do what he is well qualified to do — that is, convey the prop-- there is no problem. Mark J. Boléat,

#### Read, mark, learn . . .

Sir, As a piece of selective, opinionated, inaccurate history, William St Clair's article ("Bihliophilia," Weekend FT, February 4) is a classic. So far from being continuously restrictive, the publishing industry is well known to be highly competitive, with low concentration ratios, an enor-

concentration ratios, an enormous number of participants, great variety of product and considerable ease of entry.

Mr St Clair'e only true statement is that if you go out to buy a biography of Shaw you would find a biography of Shakespeare an inadequate embetture Evactly Availability and the statement of the s substitute. Exactly. Availabil-

ity of the books you want is crucial to the consumer. That is what the Net Book Agreement (NBA) is there to achieve, by encouraging wide stockholding and easy availability of a very widely varied and extensive product.

Also – as economists have

demonstrated and the courts accepted - it helps keep book prices down. Prices of con-sumer books have declined rel-ative to inflation in this decade. In the US, where there is no NBA, books have gone up by much more than inflation. Clive Bradley, The Publishers' Association,

19 Bedford Square, WC1

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## FINANCIAL TIMES

Thursday February 9 1989

Worldly Wise That's BTR

## Industrial unrest looms in Spain after talks collapse

SPAIN almost certainly faces widespread industrial unrest this spring following the complete failure of a final round of talks on trade union demands on Tuesday night between the Government and the country's two main trade unions, the socialist UCT and the commu-nist-led CCOO.

The two sides have held a series of lengthy negotiations since the unions led a successful 24-hour general strike against the conservative drift of government economic policies in December. Despite a government offer worth Pta344hn (\$2.96hn) over two years to equalise pensions with minimum wages, compensate public sector workers for loss of income last year and to increase unemployment cover, the unions have walked away

strikes.
The failure of the negotiations also appears to mark the end of Spain's concertacion social, an effort begun in the late seventies to agree a form of annual or biannual incomes nelicial between the unions. policy between the unions, employers and Government. The next few months will also have a direct bearing on the political future of Mr Felipe Gonzale, the Prime Minister, because he may be forced to call elections earlier than he needs to. The century-old part-nership between his Socialist Party and the UCT also

Although Mr Txique Benegas, the Socialist Party's chief administrator, was yeeterday warning that the failure of the talks should not be over-dra-

appears to have been irretrievably hroken.

it clear that Tuesday's talks were a final attempt. Mr Benegas has already added fuel to the flames by proposing that the Socialists begin selling their policies directly to workers on the factory floor, a job traditionally done by the UGT. Spanish unions are funded by the State depending on their nationwide representation on corporate works committees and the Socialist Party mittees and the Socialist Party threat to put their own people on these hoards is a direct challenge to the UGT. Union leaders have accused the Gov-ernment of trying to place "political commissars" in facto-

Mr Gonzalez has also threat-ened that should negotiations with the unions fail he would consider reinstating a contro-versial youth unemployment

spark to the December general strike. The plan would allow employers to take on unemployed youngsters at minimal rates and without any promise of long-term employment.

Unions say the youngsters would be used to replace older, better-paid workers.

The UGT and CCOO leadership was meeting yesterday evening to map out a strategic response to the failure of their response to the fature of their announce a modest package of negotiations with the Government social measures then, but the ment. The annual wage round opposition has been gearing has already begun and a number of hig private sector and his speech seems likely to employers have settled well above the Government's 4 per less resignation from the other response to the fature of their resignation from the other response to the fature of their resignation from the other response to the fature of their resignation from the other response to the fature of their resignations.

and transport, television, postal and communications services are all very vulnera-

Mr Gonzalez will try to shift Mr Gonzalez will try to shift the political focus to parliament over the next few weeks, although observers believe he will find little comfort there. He is due to give a State of the Nation address in the Cortes on February 14 and may even announce a modest package of social measures then, but the opposition has been gearing

But the wage round involves nearly 3,000 seperate agreements and there is still a great want to ride out any coming deal of room for disruption.

#### The unions, are, anyway, much stronger in the public sector matised, both sides have made plan that provided the original Paranoia in the Chicago futures pit

The FBI fraud inquiry has hit trading volume, writes Deborah Hargreaves

OLUME has slumped on Chicago's major futures exchanges as investors sit nervously on the sidelines amid the massive FBI investi-

gation into the industry.

Traders are subdued in the windy city's cormally raucous markets as they discuss the future of futures in the wake of the 300 snhpoenas dished out to many of their colleagues. in a closed meeting at the world's largest exchange, the Chicago Board of Trade, Mr Cash Mahl-mann, the chairman, reflected the market's paranoia when he tapped his microphone and eaid – only half joking-ly – "this is not the only oue in the room".

The FBl is still gathering

evidence from traders testifying before a grand jury and has not yet issued any indictments in the huge futures fraud inquiry. But it is not expected to be long before the agency issues convictions to Chicago futures traders in an investigation aimed at uncovering multi-million dollar fraud at

the city's exchanges.
Chicago's exchanges have already moved to deflect criticism by announcing reviews of their trading procedures in an attempt to tighten up surveil-lance. The Chicago Mercantile Exchange bas appointed an rules and make recommendations for change.

The exchanges worry that their much-prized self-policing system may be at stake. As self-regulatory organisations, the exchanges are responsible for monitoring trading on their floors and disciplining any members who hreak the rules. Their enforcement activities are overseen by the industry



An FBI fraud inquiry has subdued both traders and investors on Chicago's futures exchanges

regulator, the Commodity Futures Trading Commission. A CFTC official believes that the sort of conduct under investigation by the FBI is not necessarily detectable by exchanges' current records. "We expect the exchanges to take another look at some of the things the CFTC has suggested in the past and they have not picked up on," the official said. This could involve

overhauling systems for track-ing trades and identifying trade practice abuses. The CFTC itself is up for reyear - a process that will hring calls for it to be tougher on the futures industry. Re-authorisation hearings are usu-ally a fairly tame forum for rubber-stamping the Commission's jurisdiction for another three to five years. But this year Congress will want to look carefully at the CFTC's responsibility towards policing trading abuse in the industry.

One of the trade practices likely to receive the most fire from the fraud inquiry is the

as well as trade for their own accounts - a practice which can lead to obvious conflicts of interest.

Dual trading has been the target of some harsh criticism in recent years. In the fall-out from the fraud probe, an influential association of brokers at the Chicago Mercantile Exchange has announced it will han its members from the

practice. Exchanges have argued in the past that dual trading is necessary to enable indepen-dent traders to make a living - since they can trade for themselves when the customer order flow is quiet. But two years ago the CME was forced

futures pit after customer complaints about poor order executradition of dual trading in Chicago's markets. This allows traders to fill customer orders

Separately, the Chicago Board of Trade is considering imposing a limitation on its traders that will force them to trade for the same account with which they open the trad-ing day. For example, if traders start off trading for themselves, they must continue to do so all day and not intermix customer orders. However, it is unclear how such a proposal would be monitored.

The Board has faced dissent among its members about its uncharacteristically tight-lipped reaction to the FBI operation. Some traders say the exchange board should have been more open to a

The exchange's smaller rival, the CME, stole the initiative by to introduce new rules governing the practice in its husy rotten apples in the barrel, as Standard Poors 500 stock index in any husiness. . . hut they

should be rooted out.

A potent issue in the reaction to the fraud inquiry has been the onset of electronic trading and the more accurate andit trail it would provide. With approval for the CME's Globex last week - an after-hours screen trading system under development with Reuters, the UK information group - industry regulators have paved the way for the electronic age in futures.

Many traders fear screen trading will infringe on their time-honoured practice of open ontcry, whereby hids and offers are yelled to a seething mass of fellow traders in a crowded arena. The Chicago Board of Trade had, until recently, backed this assertion and remained a vehement opponent of electronic trading.

But in a complete reversal of its policy, the exchange is now considering its own version of screen trading in a bid to move towards a 24-hour marketplace. The Board introduced an evening trading session to extend its open ontery hours and appears ready to try electronic

rading as well. The Board is planning an announcement on screen trading soon in a move that will inevitably disappoint many of its traders who saw the exchange as a champion for

open outcry. Nevertheless, both Chicago exchanges are struggling to come up with improvements that will reassure public inves-tors, without being priced out of husiness. They have long feared the imposition of costly regulation that would make Chicago less competitive in the increasingly global futures

# No gingerbread for gilts insists, is that

The glit market post-Rig Hang is liquid, international, fully electronic, orderly, and offers a great deal to the end user. It is also losing £2m a week. While the Bank of England's progress report addresses the two subjects as if they were unrelated, the market's ultra-competitiveness is partly a consequence of FT-A All-Stocks Index the market's ultra-competitive-ness is partly a consequence of admitting too many players in the first place. Arguably, the Bank should take the blame for allowing 27 huge international players into a shrinking domestic market, even though it did not know then that the market was shrinking and market was shrinking, and understandably did not want to turn away well qualified candidates at a time when everyone was obsessed with hig international free markets. Still, in presiding over the devastation that must now follow, the Bank does not emerge in a astation that must now follow, the Bank does not emerge in a particularly good light.

Regardless of who was to blame, there is every sign that gilt market losses will deepen. Failing a change of Government, the Bank's gilt edged shopping list is likely to get longer and longer, and the resulting reverse yield curve and inactivity at the long end of the market are the worst conditions for traders trying to

under the original buyout.
Though the idea is nothing if not ambitious, one can see its attractions. Daishowa, Reedpack's partner, has the interna-tional ambitions, and it has the cash. It also, like Reedpack, has specific expertise in recycl-ing paper, and Reedpack's Maybank subsidiary is the higgest waste paper merchant in Europe. Although the news-print industry is due for a cyclical downturn, the new machine would not be fully on stream, before 1992, by which time the next upturn should be in prospect. If Reedpack's flotation meanwhile stays on timetable for 1991, pricing it will be an intersecting everging that an interesting exercise; hut prospective investors can cer-tainly rest assured that it will not have been run for cash in the meantime.

Takeovers

of the market are the worst conditions for traders trying to justify their generous salaries. Unfortunately, any return to profitability is not likely to come from other sterling fixed interest instruments — which despite the Bank's optimistic

noises are still worth peanuts

but from a mass departure by existing players. There is probably room for about 5 or 6 big firms and a similar number

of small ones; unfortunately, the remaining dozen or so appear in no hurry to with-

draw, Many UK houses cling to the sentimental notion that the

gilt market is a core business,

come what may; the Ameri-

cans are being surprisingly tenacious, despite above aver-

age losses; and the Japanese, after all, have only just

As management buyouts go, Receipack seems out to break

all the rules. It started life last

summer on the unconventional premise that it would do notif-

ing to pay down its debt, pre-

capital spending until the whole exercise was paid off by

subsequent flotation. It now

also proposes to enter a new £200m joint venture - presum-

ably leveraged in its turn - to which it will contribute some

of the assets which are pledged

Reedpack

The Bank of England's latest thoughts on takeovers provide useful hacking for Lord Young's relaxed attitude on the halance of advantage between the UK and overseas. So far from being at the mercy of foreign predators, British companies, it seems, should be so lucky. In the takeover boom of the past two years, outward acquisitions have outsumbered inward ones by seven to one; and whereas 80 per cent of British acquisitions by value have been in the States, US companies have actually raised more in the period by selling more in the period by selling UK companies than they have spent on acquiring them.

ment, it appears that of 157 foreign acquisitions of UK compa-nies from 1986 to third quarter 1988, the number contested totalled just five. There is a paradox here. The chief reason for UK companies' recent acquisitive bent, as the Bank insists, is that they are stuffed with cash: their return on physical assets is higher now than at any time since the late 1960s. All those booming companies, at the gateway to 1992, wide open to hostile action: it seems odd that only a handful of Australians and a couple of Swiss have noticed.

Union Discount

In a world where interest rates go down when they ought to go up, and then rebound fur-ther and faster than anyone thought possible, looking for much in the way of profits from the discount houses is asking the impossible. At least, that seemed to be Union Dis-count's view of the worst of all possible monetary worlds created by the Chancellor in 1988. Profits fell 69 per cent to £3.5m — even further when one remembers that the previous year's £11m was struck after transfers to inner. reserves — but the result might well have been much worse. Unfortunately, the market was expecting better; and despite the optimism suggested hy an unexpected – and uncovered – 4.6 per cent rise in the final dividend, the shares hucked the market trend to end the day 3p lower. Meanwhile, the diversifica-

tion effort proceeds apace, with non-discount house husiness accounting for 40 per cent of profits this time though as the company candidly admits, when the total is this low it is not hard to make the higher receivable cornings look imporquality earnings look important. Maybe Sir Ron Brierley's 17 per cent stake in the company suggests he has some grand vision of its future, but it would not do to count on it.

Hanson

Has Hanson lost its touch? Selling its stake in Thomson T-line at a small loss, and allowing Ladbroke to get away with a bargain, looks a pretty clumsy manoeuvre. Blaming it all on the Takeover Panel simply will not do. While the Panel decision to prevent Wembley from making a higher offer may have deprived T-Line's shareholders of a few extra pence, the principle of holding companies to such gue promises as not to bid "for the present time" seems well worth keeping. It was just as well that signs of the master deal-maker were evident yes-terday in the disposal of Hanson's US spam and frankfurter subsidiary at 18 times book value.

=  $\sim$ 

## US concession on farm trade with EC

Rocard appeals for UK to build ambitious Europe

By William Dullforce in Geneva

HOPES of an end to the deadlock between the US and the European Community over farm trade reform rose yester-day following a concession by the US on short-term reform

The concession, which follows months of stalled negotia-tions, came when Mr Michael Samuels, the US ambassador to the General Agreement on Tariffs and Trade in Geneva, said that Washington was willing to start detailed talks over the short-term measures to cut government payments for farm production and exports.

Failure to resolve the dead-

lock at the Montreal trade min-isters meeting in December led to fears that the Uruguay Round of multilateral trade negotiations could be derailed.

Continued from Page 1 progress despite "the competitive race."

Mr Rocard warned that the free movement of capital fore-

seen hy the single market risked submitting the Euro-

pean Monetary System to

'hitherto unknown tensions'

and that it was therefore neces-

sary to make it operate "more solidly."

The concession means that at next week'e meeting in Geneva of farm negotiators called by Mr Arthur Dunkel, director general of Gatt, serious discussion can start on snch matters as a freeze on present levels of farm payments, cuts in subsidies and the measure to be used in determining the sizes of the

reductions.

Mr Dunkel has been given until April by trade ministers to end the stalemate on four issnes, including agriculture, which brought the Montreal

talks to a halt.
Until now, the US has refused even to discuse the short-term actions advocated by the EC and other non-EC agricultural exporting countries, until the Community

"It is difficult to conceive a

truly unified market without a common currency," he said.
"Even if this objective is not realisable by 1993, an active impetus towards a monetary

Great attention must also be given to the social aspects of a single market. Social rights were a fundamental part of the

union must be given."

committed itself to the wide gap between them. long-term objective of eliminating all trade-distorting sup-

ports to farmers. Mr Samuels emphasised that the US still tied implementa-tion of short-term action to the long-term commitment hut added: "We are prepared to have a detailed review of ways of addressing the short-term." The US had shifted its position "because we care, we want to get things moving and to

give impetus to the (agricul-tural) negotiations." Recent signals from Brussels, including a statement by Mr Frans Andriessen, the new Trade Commissioner, that the European Commission was re-examining its position on the farm issue, suggest that both sides are trying to close the

Washington's agreement to discuss short-term farm reform was heipful, said Mr Alan Oxley, Australia'a chief dele-

gate to Gatt

Mr Oxley usually speaks for the I3-nation Cairns group of farm exporting nations which includes the five Latin American countries that refused in Montreal to let the Uruguay Round progress until the US and EC had resolved the farm

However, Mr Oxley sounded a cautionary note. Some gov-ernments were worried that the task to be addressed might be too hig for the time avail-able and were unhappy about the "climate of complacency that still prevails," he said.

behalf of Western Europe as a

whole, had begun to stagnate.
France and Britain should
intensify their dialogue on

nuclear policies.

The fact that Britain was a

## **Argentine** currency falls again

By Gary Mead in Argentina ARGENTINA's currency

continued a dramatic slide against the US dollar yesterday with a black market devalua-tion of almost 35 per cent against last Friday.

On Tuesday three new exchange rates came into effect, with the central bank

ceasing to sell US currency to stabilise the austral. Since then the newly free-floating austral has witnessed frantic

austral has witnessed frantic trading.

By late afternoon yesterday unofficial exchanges in the streets of Buenos Aires were buying the US dollar for 26 australs. The previously symbolic barrier of 20 australs to the US dollar disappeared with scant notice early on Tuesday. In some parts of the interior – the industrial city of Cordoba for example – the US dollar closed for the afternoon at 29 australs. Nine months ago the US dollar bought fractionthe US dollar bought fraction-ally less than 10 australs. As part of the Government's

latest economic measures include the lowering of bank reserve requirements, potentially releasing an estimated 7bn australs, speculation increased that the black market references are to the black market references. ket exchange rate could reach 30 australs to the dollar before the market settles down.

The decision to relax a tight monetary policy, which only last week had been strongly defended by Mr Machinea, president tral bank, means th ment has scored a cess in one area. Mo interest rates hav fallen, to just over from last week's 20 The turbulent m

tion to once more ha floating exchange ra US dollar is accour some fierce critici various sectors of po



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\*Debenham Tewson & Chinnocks Office Rent and Rates 1988.

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**WORLD WEATHER** 

mies more competitive. Mr Rocard regretted that the efforts by France and Britain to develop their nuclear defence co-operation, not only for national reasons, but on

fabric of most European societ-

ies and they must be preserved as a "quid pro quo" for the greater efforts demanded of

workers to make their econo-

member of Nato's integrated military command while France was not should not pre-vent pragmatic bilateral co-operation in specific fields.

Losses in gilts market Continued from Page 1

it had monitored the market to ensure that an adequate service was provided. It found that the new market structure had achieved a considerable degree of success in meeting the objectives iden-tified for it more than two

years ago.
The Bank said the new marorous competition among marfrom both domestic and for- houses share 45 per cent

eign financial institutions. Investors had also benefited from the Big Bang reforms in that costs of huying and sell-ing gilts had fallen, on average, by 60 per cent. The speed of execution of deals had also increased as had the size of

The Big Bang reforms have also led to a reduction in the ket provided investors with a concentration of market power high degree of continuous in the hands of individual access to government stocks in securities houses. In the pre-issue and had introduced vigcontrolled 75 per cent of the ket makers which were drawn market whereas now six

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#### **ACCOUNTANCY COLUMN**

## Two more big audit firms criticised on thrifts

By Pratap Chatterjee

IT HAS NOT been a good week for big audit firms in the US. A further two of the Big Eight have been criticised over their audits of failed savings and loans associations (S&Ls), adding to the three mentioned

Arthur Young and Ernst & Whinney are the latest to be attacked over the quality of their audits of S&L clients. They join Coopers & Lybrand, Deloitte Haskins & Sells and Touche Ross, along with a clutch of smaller audit firms.

Arthur Young and Ernst & Whinney are the latest to be attacked over the quality of their audits

The latest attack on the auditors emerges from e report by the General Accounting Office, the investigative arm of the US Congress, on the role of the auditors in the failure of 11 S&Ls in the states of Arkansas, Louisiana, Mississippi, New

The GAO criticises the way six of the 11 audits were carried out. The auditors involved were JK Byrne (now part of Touche Ross), Deloitte Haskins & Sells, Ernst & Whinney,

The GAO report says that the firms did not verify S&L loan appraisals, allowed their clients to deviate from standard accounting principles and did not act when they exceeded exposure limits set by the regulators, among other matters.

It also blames the American

that its audit guidelines were up to date. The guidelines were last reviewed 10 years ago. Responding to these criticisms, Mr Philip Chenok, AICPA president, said the institute will "accelerate the development of additional guidanca for anditors of savings and loan associations", and that it would adopt recom-mendations made by the GAO.

Institute of Certified Public Accountants for not ensuring

Twist in brand accounting saga

FURTHER interesting twist to the hrand accounting debate emerged at a conference on the issue last week sponsored by Ernst & Whinney, writes Richard Waters.

Keen followers of this saga will recall that the accountants want to limit the occasions on which brands (and other intangible assets) can be shown in companies' balance sheets. Brands which have just been acquired should be

Arthur Young (two audits) and Greenstein, Logan.

AUDITORS OF TOP 500 EUROPEAN COMPANIES § Number of audits # KPMG 18.7 Coopers & Lybrand 47.0 Deloitte Haskins & Selfs Ernst & Whinney

recorded, while existing ones should not

Arthur Young Arthur Anders

The rationale for this is that the value of an asset is easy to determine when you have just bought it it is an identifiable cost, and so is not ont of place in a cost-based balance sheet.

in a cost-based balance sheet.
Existing brands, on the other hand, are too difficult to value and so should not appear. Take tha method used by Ranks Hovis McDongali (and developed by consultants Interbrand) to value is brands.

The income from brands was multiplied by a subjective

multiplied by a subjactive factor based on a number of tests of each brand's strength. The whole process, according to Intarbrand, was a conservative one. Accountants have criticised it for being too subjective.
The distinction between

existing and acquired may sound fine in theory. The

Take the case of Grand Metropolitan, which has decided to show only acquired brands in its accounts (bringing it within the guidelines laid down by the Accounting Standards Committee). Mr Les Cullen, Grand Met's group finance controller, was asked at last week's conference how he distinguished the value of acquired brands from the pure goodwill alement of an acquisition. Simple, he said: Grand Met takes the sustainable earnings from each brand and applies a multiple to

it. The result, he said, is a very conservative one.

Does this sound familiar? It should do, since it is exactly the principle used by RHM.
This shows that it is no easier to pnt a value on a

brand you have just bought

than one you built from scratch. Banning one from the accounts while admitting the other is entirely arbitrary and should be rethought urgently by the ASC.

#### European restructuring

THE DEVELOPMENT of accountancy firms in Europe took another step forward last week when Coopers & Lybrand announced a restructuring to bring its various European operations closar together, writes Richard Waters. Like Price Waterhouse

Like Price Waterhouse before it, Coopers has set up a European board with its UK chairman taking the lead. Unlike Price Waterhouse, though, it has not set up a central partnership and is not about to consider profit-sharing between firms in different countries — "profit integration may duli the competitive drive," says Mr Brandon Gongh, the new European chairman.

Coopers' individual firms in

Coopers' individual firms in Enrope have not handed strategic control to a central board without "a degree of nervousness", says Mr Gough. But the rules of the international accounting game are changing and there seems little choice. Take the following factors which have helped to prompt the Coopers tors.

 Businesses which bave gone international demand international services. Tax or merger and acquisition advice, for instance, have to be consistent "products" around

the world.

Management practices have also gone international. The best managers in all parts of the world are starting to do things the same way," says Mr Gough. This also creates a demand for consistent services from accountants and other

The best managers in all parts of the world are starting to do things the same way"

Big audit assignments are won internationally, not nationally. This means that the accountants need to take an international view of their client base, and develop a coher-

ent marketing plan.
As the table shows, many of Europe's leading companies are not currently audited by the top international audit cent handled by other firms is something currently exercising the minds of all the large audi-

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ensists of major variations and development or your own interiors. You is also be intered in strategic and operational management.

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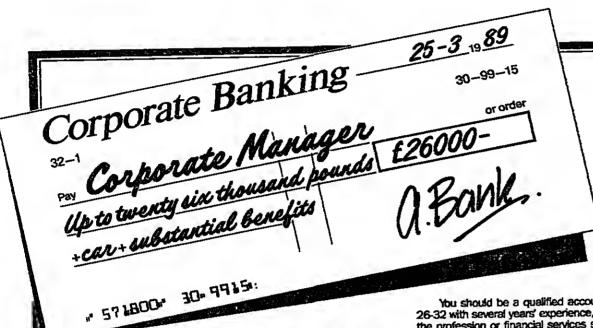
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These posts should be attractive to qualified accountants in their mid to late 20's, who are keen to make a career in a progressive, fast moving international company, which utilises sophisticated computing and communication tools.

Your role will focus on areas such as financial reporting, consolidations, budget preparation, forecasting, interpretation of results and a variety of ad hoc analyses and

The company seeks excellence in all aspects of its business and the selection process will therefore concentrate upon identifying high calibre individuals who, in addition to offering a high standard of technical competence, combine high energy with an aptitude for initiative and creativity in problem solving. Well developed communication skills and strong computer literacy are also key aspects of the specification.

A working knowledge of Louis 1,2,3, or some other similar spread sheet would be

My client offers a competitive range of frange benefits and career prospects are attractive. Applicants of either sex should apply in confidence to Michael Johnson on (0962) 844242 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting reference 920.



Johnson Wilson & Partners

## ROYAL LONDON INSURANCE



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## **Financial Controller**

Colchester

to £30,000 + Car and Benefits

The Royal London is one of Britain's major expanding insurance groups with assets exceeding £2 billion and diverse operations covering life assurance, general insurance, unit trusts, and mortgage lending.

We now wish to appoint a qualified Accountant to control our group financial and management accounting function. This is a key role within our organisation, requiring a high degree of professionalism and commitment to the objectives of the group. Leading a team of professional and experienced staff, the responsibilities will include statutory returns, management reporting, budgetary control, and unit-linked pricing, all within a

Applicants, who are likely to be in their 30's, should have sound technical and management skills, and several years' senior accounting experience gained in commerce or industry.



Starting salary will be related to experience and there is an excellent range of benefits which includes:

company car annual bonus onon-contributory pension scheme low interest mortgage luncheon and sports facilities
 relocation assistance where applicable.

To apply, please write with full details of experience, qualifications and present salary to:

The Personnel Manager, The Royal London Mutual Insurance Society Ltd., Royal London House, Middleborough, Colchester, Essex COI 1RA.

## **Financial Controller**

Basingstoke, Hants

Aged 25-30

c£27,500 package plus car and benefits

An acquisition and a change in corporate status resulting in greatly increased autonomy have created a very exciting opportunity for a young, ambitious accountant.

The company, the UK subsidiary of a prestigious US multinational, manufactures and distributes a range of health care products, principally for the hospital sector in the UK and Europe. Turnover is now £20 million.

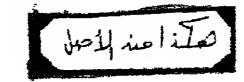
Reporting to the Financial Director and assisted by a subordinate team, the successful candidate will play the key role in managing the accounting function. An important objective is to improve the speed, accuracy and relevance of the management information vital for the control and direction of the company.

Candidates must be qualified and 2 years experience in industry is highly desirable.

Essential personal qualities include proven leadership skills, a high intellect which can identify and address priorities and the potential for significant career advancement.

Generous benefits include relocation expertses if required. Interested applicants should send a detailed CV or request an application form on 01-439 1113 quoting reference No. 7049/FT.

Search and Selection; Management Development 21 Cork Street, London WIX 1HB. Telephone: 01-439 1113.



### MANAGER - GLOBAL AUDIT

ACA/ACCA or Equivalent

FINANCIAL

COLEGIE

Sis

Age 28-35

Amsterdam Base

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Our client is established as the world's largest and most experienced international express network presently operating in 180 countries worklwide. An exceptional opportunity has arisen for a key individual to lead an audit team, the main objective being to co-ordinate and review financial and operational procedures and systems worldwide.

To meet the demands of this position, the successful applicant must have had previous audit experience (preferably with a "Big 8" firm) together with a commercial awareness and exposure to staff and systems management. They must also be very mobile, be fluent in English and competent in at least one other European language.

A strong sense of diplomacy and excellent interpersonal skills are also essential as the role involves extensive liaison with senior management.

The package offered is negotiable and includes a company car. Due to the nature of the operation, excellent career prospects can be envisaged.

Interested candidates should contact Pasquale Mazzuca on Brussels (32 2) 649 5833 or (32 2) 640 9487 during office hours, or (32 2) 772 1173 during evenings and weekends. Alternatively write to him, enclosing brief career details, at the addresss below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

#### **Mainstream Finance**

## FINANCIAL CONTROLLER

West Country

c. £25K + Car + Benefits

This long established organisation has successfully maintained a reputation at the leading edge of the financial services sector. With billings in excess of \$50 million, they are currently anticipating continued expansion through both acquisitive and organic growth.

in line with the company's forward strategy they are seeking to strengthen their head office finance department with the appointment of a Financial Controller. Reporting to the Financial Director and running a department of twelve, this key position entails responsibility for

the entire finance function, focusing on a broad range of strategic issues: ☐ Financial Appraisal & Control

☐ MIS Development

☐ Planning & Analysis

☐ Enhancement of Management Reporting

Candidates will be ambitious qualified accountants aged 23-28, who have gained effective management and communication skills combined with a real ability to effect change. This is an excellent entry point into a rapidly expanding organisation with promotional prospects that extend right through to Directorship level.



Please write, enclosing full CV, quoting Ref: A246, to Simon Hewlit at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London El 8AN. Telephone: 01-488 4114.

# ACCOUNTANCY APPOINTMENTS -For an expanding estate agency chain

As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 2nd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £49 per Single Column Centimetre; Special positions are available by arrangement at £59.00 per SCC.

### **GUIDE TO** RECRUITMENT **CONSULTANTS**

Entries in the guide will be charged at £70.00, which includes your Company name, address and telephone number. Any additional information will be charged at £14.00 per line.

> For further information please contact: Paul Maraviglia

Deirdre McCarthy or your usual Financial Times Representative on 01-248-8000

FINANCIAL TIMES-

## NEWLY QUALIFIED Financial Controller

## c£30,000 + Car

As the regulations restricting the activities of building societies have been relaxed. Birmingham Midshires Building Society have emerged as an innovative pace-setter within the financial services sector.

Through a combination of strong organic growth and acquisition, the organisation

has expanded rapidly. Folkard and Hayward Ltd, a recent acquisition, is currently a well known, prestigious estate agency business, operating within the strategically important Greater London Region. However with the support of the society, a major expansion programme is

To ensure this business is successfully integrated into the group, and that growth comes about in a controlled, structured way an experienced Finance professional is

Working as a member of the strong management team your role will be to ensure that the necessary financial controls and reporting procedures are developed. A qualified accountant, with strong management and interpersonal skills, you are likely to have several years experience within a commercial/financial services environment. Stability, self-sufficiency and all-round business management skills are essential.

A salary as indicated together with a range of benefits which include a company car, and relocation assistance – if appropriate are offered.

Please write with full career details to our Recruitment Consultant, Nigel Bates, FCA, Ref 34046 MSL International, 32 Aybrook Street, London W1M 3JL.

Birmingham Midshires **Building Society** 

Audit Director National Firm Of Chartered Accountants Manchester, c £30,000, Car, Benefits

Re-energising the audit department is the first challenge — achieve this and early promotion to partner is the next. To fulfil the improved profit performance and operational efficiency required from the eudit team, the partners of the Manchester office of e major firm of chartered accountants have created this senior management position. The relevant collection of the accountants have created this senior management position. The role calls for e quelified eccountant with proven leadership and business skills, combined with the determination to convert plans into profit. Aged around 32 years with at least 3/4 years post-qualifying experience in e professional practice, candidates will currently have e menegement responsibility in an accounting practice or in the finance department of a company. The remuneration package reflects the The remuneration package reflects the expected contribution to the overall management of the practice and includes e negotiable salary, 2 litre car, private medical insurance and a contributory pension scheme.

F. Venables, Ref. M21001/FT, Male or female candidetes should telephone in confidence for a Parsonal History Form, 061-832 3500, Fax: 061-834 8577, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR A Member of Blue Arrow plc

## Hoggett Bowers

## Director Of Business Systems

IS Strategist for A Worldwide Engineering Group Tymeside. Outstanding Benefits Package

Northern Engineering Industries, an internationally acclaimed engineering concern, is a world leader engaged in the design, manufacture, construction and commissioning of major capital plant for the energy conversion and materials handling industries. The implementation of e corporate wide Information Systems strategy is fundamental to the continued commercial success of the organisation, and this high profile role will drive and coordinate systems change in the next decade and beyond. Reporting to the finance director, specific key objectives include a move toward standardisation of hardware and software and the more effective integration of business systems with individual trading company strategic needs. Candidetes, probably graduetes aged over 35, will currently be operating at director level or in a consultancy capacity in an eogineering/manufacturing company, with full responsibility for I S strategy and policy. The role demands a combination of technical expertise, which will have included the implementation of e major MIS project, and commercial acumen embracing both strategic vision and a communication and interpersonal skills, outstanding presence and the ability to influence change. Without doubt, this will be one of the major I S roles of the 1990's and both the remuneration package and the status of the position reflect its importance.

K.H. Thompson Hagent Rawers not A Moslay Street

importance.

K.H. Thompson, Hoggett Bowers plc, 4 Mosley Street.

NEWCASTLE UPON TYNE, NEI 1DE, 091-232 7455, Fex: 091-261 8438.

Ref: N13099/FT.

## Finance Manager

Northern Home Counties,

To £25,000, Car

This division of an international company is a world leader in e high technology industry. They oow have e key appointment which offers the opportunity to influence the strategy of e£15m turnover business operating et the forefront of design and manufacturing technology. Your commercial, analytical and management skills will be well exercised in leeding a team analytical and management skills will be well exercised in leeding a team of people to enhance systems and provide the information essential for a progressive, profit conscious company. Reporting to the general manager you will be equalified accountant eged preferably 3C-40 and you must have operated at a senior level in a manufacturing company to have gained the broad commercial experience required for this pro-active role. Qualities of drive, imagination and the capacity for oogoing personal development are essential for progression within the group.

G.J. Deakin, Hoggett Bowers pic, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1]D, 021-455 7575, Fax: 021-454 2338.

Ref: B18029/FT.

These positions are open to make or female candidates. Please send CV or telephone for a Personal History From to the relevant office, queting the appropriate reference. 

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR A Member of Blue Arrow pla

# Group Management Accountant

c.£22,000 + Bonus+Mort. Sub+Car South London Region

The Mortgage Corporation a £2,000 million subsidiary of the US Financial Institution Salomon Brothers, has quickly established itself as the most exciting and progressive mortgage lender in the market. In less than 3 years we have grown considerably – both in terms of manpower and lending. We now require an individual who can contribute to our further expansion and success by filling a key role in the Finance Dept.

Aged 24+, a qualified ACA probably with one of the "Top 8" practices. you will need to be a first class man-manager, an efficient organiser and have the communication skills, confidence and credibility to develop and supervise your staff.

Reporting to the Financial Accountant, your primary role will be the day to day management and control of the accounting function including the development of MIS for consolidating, analysing and reporting the results of the Group. In addition, you would be expected to handle a number of special projects related to the expansion of the business. This is a highly visible position offering considerable career development potential for the

On offer is a valuable range of benefits including mortgage subsidy, merit related bonus, non-contributory pension, private health care and free life assurance and a salary c.£22,000.

Please send a C.V. to Angela Stradling, The Mortgage Corporation, Dukes Court, Woking, Surrey GU21 5XX. Tel. 0485 754427.



## Financial Controller

London/Cambridge (Full relocation expenses paid)

c.£30,000 + car

Our Client, a well-established International professional firm, is in the process of setting up e new National Management unit dealing with all aspects of their finance and practice manegement. In view of the workload involved, and in line with their anticipated growth - the unit will be initially situated in London, but will relocate to Cambridge in July 1989.

Reporting directly to the Director of Finance, the successful candidate will be responsible for the start up and daily management of the unit and its various accounting and administrative functions. They will also, in due course be required to carry out e wide range of special projects and investiganive work. They will be responsible for over tweoty staff including three et managerial level.

Candidates will be qualified eccountants with previous experience of departmental management and a strong systems background. They should be highly motivated and possess the stamina required by this challeoging and exciting role. Ideally, candidates should be aged between 27 and 40.

Interested candidates who meet those criterie, should send a full CV including current salary and daytime telephone number to Carol Jardine, quoting reference number LM016, Spicers Executive Selection, 13 Brutoo Street, Londoo W1X 7AH.



SPICERS EXECUTIVE SELECTION

MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

## Corporate Treasury

- Two High Potential Positions
- Global Responsibilities
- Rapid Growth Company

This exciting company, a substantial organisation in high growth business areas, is moving its head office to London, creating two excellent opportunities:

### **DEPUTY TREASURER**

(£30,000-£40,000 neg. + bens.)

Every opportunity for personal development, part of the central management team, with international involvement. Significant treasury management responsibility including institutional relations, innovation in financing techniques, exposures, operational dimensions, placing and acquiring short term funding, execution of transactions.

The person sought will probably be 28-35, must have in-depth experience in a treasury environment, and be able to display high level communication skills, Interpersonal skills and an excellent personal presentation. Able to make decisions.

#### TREASURY OPPORTUNITY

(c. £22,000 + bens.)

An ideal role to lay sound foundations for an ongoing career in treasury. Immediate responsibilities initially centre around developing and driving the treasury monitoring and information system including cashflows, debt and investment schedules, currency and interest exposures, including reporting and recommending.

Probably around 21-26, the person sought will have experience in a treasury environment including hands on computer experience (incl. p/c spreadsheets). A high calibre team player who is astute and has potential for personal development.

For further information in strict confidence please telephone either Don Smith or Warwick Holland on 01-240 1040. If you prefer, forward a brief resume to our London Office quoting reference number 1/554.

## Morgan & Banks

Search and Selection P.L.C., 114 St. Martin's Lane, London WC2N 4AZ. Tel: (01) 240 1040. Fax: (01) 240 1052. Offices also in: Australia and New Zealand.

## Manager - Financial Planning and Analysis

Thames Valley

c£29,000 (inc bonus) plus car and other benefits

Our clients are a high-profile, customer-orientated company and the major constituent of a substantial British group. The company's impressive growth in a fiercely competitive sector over the last 30 years owes much to well-defined objectives, a coherent marketing strategy and the disciplined enthusiasm of its management team. The finance function is a well-integrated part of this team, contributing constructively in all areas of the business. The Manager-Financial Planning and Analysis has a pivotal role in this environment preparing and presenting annual plans, short-term forecasts and regular performance reports. The job therefore demands an unusual degree of commercial orientation and the ability to communicate effectively with non-financial management, This requirement gives the job holder a high status in the organisation with correspondingly varied opportunities for progression at company and group level. Applicants must be qualified accountants and probably aged under 30. Precise experience is less important than strong personal qualities evidenced by a sustained record of academic and professional achievement. Ref: 1688/FT. Write or telephone for an application form or send full details (with daytime telephone number and current salary) to R.A. Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

# -Phillips & Carpenter

Selection Consultants

## **Group Chief Accountant** c£30,000 + Benefits + Car

insurance broking and underwriting Group, is seeking to recruit a Group Chief Accountant to join their Head Office management team.

Reporting to the Finance Director, you will be responsible for the day to day management of the Group finance function. This will include the timely preparation and interpretation of the monthly management accounts and annual statutory accounts, tax planning, cash management and acquisition

evaluation and integration. Ideally you will be aged 27-33 but more importantly possess a high degree of initiative and intelligence.

Our client, a well known, respected and profitable You will be a qualified accountant and enjoy the stimulation of providing technical accounting expertise in a professional decentralised environment.

> Interested applicants should write enclosing a comprehensive Curriculum Vitae and daytime telephone number, quoting Ref: 295, to Philip Rice, MA, ACMA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

City

## **Financial Controller**

DEVON, c\$25,000 + CAR

This medium sized private company has a ccessful scies record with little competition In its product sector. As a result of recent substantial investment, the company is planning a major expansion of its manufacturing business. The new post of the management team in achieving its growth

Reporting to and working closely with the Managing Director, you will have total responsibility for the finance function and will projected to contribute to the Company's

continuing commercial development, initially this will include reappraising the existing financial and management controls, enhancing the Company's costing systems and developing the quality and scope of the financial information provided to

Probably in your late twenties, you will be e qualified accountant who has gained experience of hands on management in e manufacturing environment. You must be able to operate at both e strategic and detailed level and should be conversant with

computerised systems. This is an excellent opportunity for an individual with confidence, initiative and commercial ficir.

Please send CVs, including a day time telephone number, to Jonice Wolden, Ref JW420, Coopers & Lybrand Executive Resourcing tid, 66 Queen Square, Bristol

Executive

Resourcing & Lybrand

## **ADMINISTRATION** MANAGER

**A Positive Step Towards** General Management Distribution

c.£26,000 + car

SW Midlands

THIS Is a rare opportunity for an enthusiastic, broadly based Financial Manager to take a positive step towards a General Management role with one of the world's leading manufacturers, and a major UK distributor of a range of consumer and industrial

The company is seeking to expand sales rapidly from its current £10m pa, and to help achieve this a more effective company organisation is being established and new premises sought for its existing 40 staff.

A high calibre Administration Manager is now required to create and establish a credible professions accounting function, to take responsibility for a growing Customer Service activity including

purchasing and order processing, and to implement and develop financial and sales systems on the company's new IBM AS400 hardware.

Applicants for this position should be qualified accountants, probably aged 30-40 years, and already possess a successful track record, including financial management, in a fast moving, heavily computerised environment. The ability to lead and motivate a team of about a dozen staff is essential. Ambition and a determination to succeed are also vital.

Career prospects are exceptional, and along with a competitive, negotiable salary and company car, assistance with relocation expenses will be provided

Please write or telephone for an application form or send a detailed CV to Philip Guy, Human Resources Group, quoting Ref: PBM/2969/PG, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 02I-454 5791.

PA Consulting Group

HUMAN RESOURCES Creating Business advantage

## New Appointment Financial Director Designate

West Midlands C £25,000 + car

Fame Computers is a well established and rapidly growing company, supplying effective computer technology to the financial service industry. Among its shareholders are some of the most prestigious names in the UK insurance industry.

Continuing growth has created an opportunity for an outstanding accountant who is capable of developing as rapidly as the company. Initially fulfilling the number two role, the successful candidate can become director within twelve to eighteen

The position requires a chartered accountant, ideally with a good degree

and with flair and determination. who can prove his/her ability at all levels in both internal and external relationships. A wide variety of ad hoc tasks will be undertaken in relation to organic expansion, planning acquisitions and dealing with financial

The prospects for personal development within Fame Computers

are almost unlimited and share options are available on progression into the full senior management role.

Send a full c.v. detailing your current salary and quoting reference number MCS/8857 to: Jim Mitchell, **Executive Selection Division Price Waterhouse** ement Consultants Livery House 169 Edmund Street Birmingham B3 2JB

Price Waterhouse



## FINANCE DIRECTOR

 $c \pm 35,000 + Car$ East Midlands

Our Client is a £100m+ subsidiary of a large electronics engineering company whose contracts are evenly split between the U.K. and overseas markets. to complement their strong management team. Board are seeking to recruit a Financial Director Reporting directly to the Managing Director, this is a challenging appointment - the challenging challenging appointment - the prime responsibilities of which will be to assume total control of the accounting function, undertake a lead role in the definition and implementation of an I.T. strategy plan and provide financial input to overseas projects and ctive decision making. The successful candidate will be a qualified Accountant of several years industrial accoun

management and systems development. Ideally aged management and systems development. Ideally aged between 32 and 45, a strong style of management that involves you in detail whilst not ignoring the broader strategic issues is mandatory. It is likely that you will already be operating at a senior level within an organisation noted for its strong financial manage nt and systems developm Experience in managing medium term interns contracts is easential in addition to strong communication skills and the ability to man change. The salary and benefits package will more than reflect the calibre of individual required. Please apply, in writing, with full career and salary history details, quoting reference B/181/89 to Margaret-Anne Stocker.



## Peat Marwick McLintock

experience with heavy emphasis on contract

Peat House, 45 Church Street, Birmingham B3 2DL.

### **FINANCE MANAGERS**

Acquisitive, quality orientated, manufacturing group

Herts/Beds Borders

A management reorganisation, undertaken by this forward-looking plc and designed to prepare the group for further growth, has identified a number of career openings for ambitious qualified accountants.

DIVISIONAL FINANCIAL CONTROLLERS These are wide ranging roles, managing departments dealing with the preparation and analysis of

manufacturing unit and divisional results. qualification experience and be able to work on their 0462 893420).

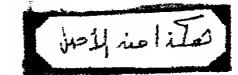
c£ 25,000 + Car + Profit Share

AUDIT MANAGER

Responsible for the provision of operational, procedural and financial reports on group activities. Candidates should be recently qualified with manufacturing audit experience gained either from professional practice or internal audit.

Please write enclosing full career and salary details to Bernard Farmer FCCA, The Grange, 3 Codicote Road, Welwyn, Herts AL6 9LY or Candidates should have around 3 years relevant post telephone 043871 6161 (outside office hours

> BARBER + RECRUITMENT + LIMITED Accountancy Selection Consultants



## Divisional Financial Director

#### Yorkshire

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Our client is a £300 million division of an Internationally renowned UK based PLC engaged in the design and manufacture of engineering and electrical components. Substantial recent growth has been achieved through investment programmes in existing operations and a series of strategic acquisitions.

Reporting to the Divisional Chief Executive, you will be fully responsible for the finance function of this multi-site division. Key areas of involvement will include strategic business planning and the leadership of acquisition projects both Internationally and within the UK.

Candidates will be Qualified Accountants who can demonstrate a strong track record

## to £40,000+ Car+ Benefits

of achievement within a major manufacturing environment. A strong personality and well developed communication skills complemented by a high level of technical competence are prerequisites of this appointment. Experience of the acquisition and integration of International subsidiaries would be an advantage.

A comprehensive benefits package including a profit related bonus scheme and full relocation facilities is available. Interested applicants should write to Stephen J. Broadhurst or James J. Russell at Michael Page Finance, Leigh House, 28-32 St. Paul's Street,

Leeds LS1 2PX. Tel: (0532) 450212.

#### Michael Page Finance

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## FINANCIAL CONTROLLER

## **Property Development**

## c£50,000 + substantial benefits

Established to carry out a major property development in the South East, our client is backed by a group of highly regarded and well established companies. The multi-million pound project is now at an exacting and exciting stage, necessitating the strengthening of the company's management team.

The Financial Controller will report directly to the Chief Executive. London based, responsibilities will be wide ranging - from creation of systems and preparation and presentation of information to participation in negotiations for major financings. It is essential that the successful applicant be capable of growing with the company, which will initiate other developments and which is expected to become a significant public property

The remuneration package will take account of the seniority of the role and will provide the opportunity of equity participation in the future.

Aged 28-35, applicants should be qualified accountants of high ability. Experience gained in property or construction would clearly be advantageous as would be 'City' exposure. Excellent communication and technical skills are essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/776/LF.

LLOYD MANAGEMENT Selection Consultants 127 High Holborn London WC1V 6QA 01-405-3499



## **Finance and Administration**

#### North West Region — £35K + incentive scheme + car

Whitbread Trading lies at the heart of one of Britain's most successful brewing groups, playing a large part in its success. The division provides a wide range of services, including sales for both the tenanted and free trade and the distribution of wines, beers and spirits to outlets nationwide, together with all related commercial, financial and administrative functions.

The North West region is currently seeking to fill the post of Director of Finance and Administration based an the outskirts of Manchester. Reporting to the Regional Managing Director this senior position carries responsibility for providing strong financial support to the region, gressive and dynamic organisation, contact giving advice, manitoring performance and supplying accurate management information where needed to also involves EST?

ensuring that systems and procedures are adequate for a comprehensive administration for all sites and services within the region.

You will ideally be a qualified accountant, with several years' experience as a finance or administration manager. Good supervisory and interpersonal skills are essential and a sound knowledge of commercial and legal affairs will be required.

Whitbread offer excellent salary and benefits packages, including a company car and, where applicable, relocation assistance.

If you are interested in joining a pro-A C Reeve, Services Manager, Human Resources, Whitbroad Trading, Whitbroad 1742 House, Park Street West, Luton LUI 3BG.

## WHITBREAD

## FINANCIAL CONTROLLER

## North-west of London

c. £28,000 + car

ONE OF EUROPE'S largest paper manufacturers, headquartered in Spain, is undertaking an aggressive internationalisation plan to prepare the group for an open European market in 1992. As such, e UK sales and distribution subsidiary has been established, requiring a stroog, commercially-minded Financial Controller. Reporting to the UK Managing Director, the Financial

Controller will make a major contribution to the commercial strategy of the company, ensuring longterm development plans are successfully achieved.

You will have overall control of all financial, tax and treasury matters, requiring the establishment of computerised systems, accounting policies and procedures; preparation of business plans, budgets and forecasts.

In addition, the appointee will have significant involve-ment in co-ordinating and controlling business activities to achieve the desired profitability and growth, and will liaise with senior management in Spain on a regular basis, oecessitating occasional overseas travel.

The position will appeal to qualified accountants, aged 28-35, with the desire and ability to achieve results in a professional, fast-moving eovironment.

Candidates should have an outgoing personality, and be persuasive, self-confident and highly encreetic.
The ability to speak Spanish or another European language is highly desirable.

Please send full cv. indicating current salary, to Fiona McMillen, Ref: 3026/FM/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.



## Turn Accountancy into Consultancy and Technology into Management

#### Financial Management Systems

to £35,000 + Car

State-of-the-art information management is key to competitive advantage and future success. Latest technology helps management to make the right decisions by providing the right information. Today's accountants play a major role in bringing together sophisticated technology and financial

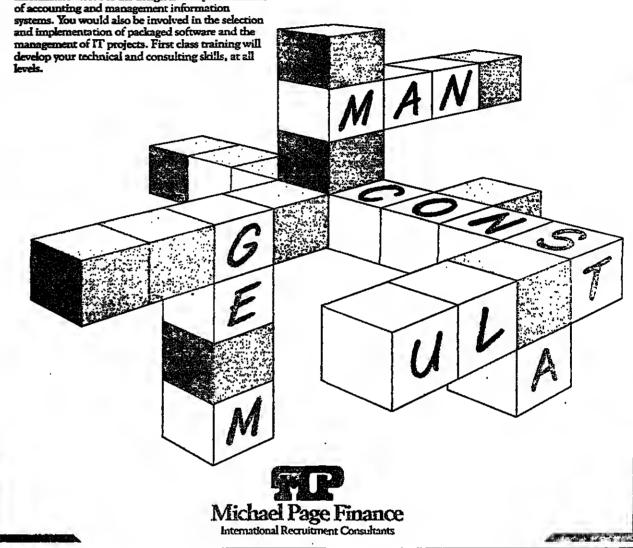
One of Europe's top management consultancies is looking to recruit several qualified accountants with 2-10 years'

experience in accounting and systems related work. Working in multi-disciplinary teams across the whole spectrum of industrial, commercial and public sectors, your responsibilities would extend from the definition of information needs to the design and implementation

software, and have contributed to the financial management of a large organisation. In addition, you will need maturity and confidence to deal with highest-level management. If you're looking to broaden your career in a creative

You are likely to have had some exposure to packaged

nvironment and can demonstrate your ability to meet this challenge, please telephone Liz Salter on 01-831 2000 or write to her enclosing a full curriculum vitae, quoting ref: F110. at Consultancy Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.





UNIPART GROUP OF COMPANIES

## you make the difforence

# UNIPART

## OPERATIONAL AUDIT MANAGER

4

4

Since privatisation through a management buy-out in early 1987, Unipart has consistently outperformed expectations. Unipart is one of the most successful wholesalers, retailers and manufacturers of automotive and industrial components and accessories. In its first year as a private sector company, group turnover was around £430m, and profits were up year on year by 40%.

Management Audit plays a vital role in this complex and cost conscious environment, and this post will impact upon every aspect of the Group's operations. Reporting to the Groop Cootroller, Management Audit, the incumbent will be responsible for the planning and execution of individual audits, staff supervision, systems appraisal and the management of a wide variety of ad-hoc assignments.

## £24-27K + bonus + car

Unipart regard the function of Management Audit as a stepping-stone to career advancement within the Group. and promotion from within the department into line management will be positively encouraged. It will be expected that the right calibre candidate will achieve these goals within eighteen months.

The successful applicant will be a qualified accountant. from within Industry or the Profession, aged up to early 30s. whose CV reflects impressive progression and who seeks an organisation where ability is recognised and rapidly rewarded. As the role entails constant ligison with senior and executive management, strength of personality and acute commercial awareness are absolute prerequisites.

Where appropriate, full relocation will be included in addition to the attractive salary package.

Please apply in writing to Mike Masterson et



Chancery House, 53/64 Chancery Lane, London WC2A IQS. Telephone: 01-242 1822 (24 Hrs). Fax: 61-831 6425.

## Head of Finance and Administration up to £23,000

Royal Mail Letters is looking to appoint a qualified accountant to take charge of the existing finance function at the Western Building and Estates Centre, Cardiff.

You will need to be able to integrate closely with the Management Board yet provide an objective essessment of performance of each of the operating functions. You must also have the ability to manage and motivate the supervisory and clerical staff in the Finance Section.

A significant elament of the job is concerned with Management Accounting and you will co-ordinate and critically review £ multi-million expenditure budgets, undertake subsequent performance monitoring and take a leading part in forecasting full-year spend levels.

Responsibilities also include developing and applying control and maintenance building projects undertaken by the Centre, erranging payment of building contract invoices, financial accounting and development of local micro-computer. accounting and development of local micro-computer

systems and the maintenance of control in a fast changing environment.

The job is also responsible for controlling local administrative and common service support functions within the centre.

You should be a qualified accountant with at least three yaars post qualification experience and a proven track record of working effectively with senior management in other disciplines.

A competitive salary in the region of £23,000 is offered. depending on qualifications and experience, together with a pansion scheme and five weeks holiday. Relocation assistance is available where appropriate.

Please write with full CV to Mrs J Poore, PIR(L)1, Room 282a, Post Office Headquarters, 33 Grosvenor Place, London SW1X 1PX. Closing date for applications is 23 February 1989.

The Post Office is an equal opportunities employer

## CORPORATION TAXATION ACCOINTANT

Central London

The expansion of our small, specialist corporate taxation team, trased in Holborn, creates this first-class opportunity for a qualified accountant to play a key role in the varied activities of the department.

With around three years' relevant experience, gained in a professional practice or commercial organisation, you should possess a detailed knowledge of corporation tax, capital allowances, capital gains and roll-over provisions. First-hand experience of dealing with the Inland Revenue and internal accounting staff will be essential, while exposure to exploration and production accounting procedures would be advantageous.

You must be able to work effectively, both as a team membe

and independently, and accept responsibility for investigative work and preparation of project reports.

Salary, in a range £22,000-£27,000, is complemented by large-company benefits including five weeks' holiday, pension, profit

sharing and sharesave schemes, and generous relocation assistance.
Please write with full cv. quoting reference FIN/I 2673/018/FT,
to Heather Rodgers, Recruitment Administration, British Gas pic,
59 Bryanston Street, London WIA 2AZ. Closing date for receipt of
applications 20 February 1989.

An equal opportunity employer

**British Gas'** 

An exceptional opportunity for an outstanding accountant . . .

## Group Control

## e£45,000 + car + significant bonus

Pearson pic is the UK quoted holding company of a worldwide group whose principal business sectors are information and entertainment, investment banking, oil services and fine china. The group has an impressive profit record and is committed to continued growth.

Working as a senior member of the London based headquarters executive, the accountant will review and analyse the performance of the group and its subsidiaries. With key responsibilities for financial reporting and control he or she will participate in investment appraisal and acquisition studies. The position arises through expansion and the new accountant will be expected to develop close relationships with the operating companies and make a considerable contribution to the definition and achievement of the group's

Applicants, ideally in their 30s, must be graduate accountants of considerable ability. Experience gained in an international group would be advantageous.

Please write, quoting reference H/777/TF and enclosing a career/salary history and daytime telephone number, to our selection consultant:

David Hogg FCA Lloyd Management 125 High Holborn London WC1V 6QA



·PEARSON·

## As a first step, this could take you

a long way..

First is Mastercare which provides a servicing and repair facility for all products, including customers of Dixons and Currys. Next is Distribution with 3 main warehouses, 20 local distribution centres, 1,000 staff and sub contracted transport service, plus Group

Freight Services, our shipping agent. Third is Satcare our operation which installs satellite dishes, and finally P/C service which maintains and supports a range of personal

Together they form a large and complex Division which demands highly efficient auditing control.

As a new or recently qualified Accountant this could be your first move into industry. You will be developing and refining effective systems and controls, as well as carrying out detailed internal audits for

Working closely with the senior Management team and being supported by 3 Service Anditors and 5 Stock Administrators, this position offers outstanding scope, responsibility and challenge for the right person.

Based at our offices in Hemel Bempstead and reporting directly to the Financial Director, you'll have every opportunity to apply and extend your knowledge and experience in an environment which is both professional and ripe for innovative development.

A salary of up to £24,000 is negotiable and a company car will be provided together with a fall range of benefits which will include relocation assistance if required.

You will also have excellent career development prospects within this rapidly expanding Division and elsewhere in the Group. Take the next step, write enclosing a full CV to John Francis. Dixons Distribution and Service Division, Maylands Court, Maylands

Avenue, Hernel Hempstead, Herts HP2 7DE. Telephone: (0442) 232000.

Dixons Distribution and Service Division



## Accounting for excellence **Financial Accounting Manager**

Hitchin, Herts

Excellence of product, of manufacturing facilities, of quality standards - these are the hallmarks of Motorola, world leader in the cellular communications field.

With a turnover in excess of £100 million, having attained substantial growth within the last 2 years', Motorola are seeking a talented accountant for the key position of Financial Accounting Manager based at their state-of-theart, purpose built manufacturing site in Hertfordshire-

This is a broad and varied role with responsibility for a small, highly motivated team. Chief duties will include:

- @ preparation of management/financial information to strict deadlines.
- e cash and treasury management.
- development of advanced computer systems

In a rapidly expanding business, the requirement is for an individual who will not only make an immediate contribution, but who will also grow quickly within the finance function. Aged 25-30 you will be a graduate calibre, qualified accountant, with sound systems experience and capable of meeting the demands of a fast moving and complex, high volume manufacturing

EExcellent + 2.0 litre car

An attractive remuneration package includes a 2 litre car, bonus, pension scheme, private health care and an outstanding relocation package. For accountants of ambition, career progression is, of course par excellence.

Interested applicants should write enclosing a CV to Simon Lieberman, at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA or telephone (0727) 65813.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## FINANCIAL ANALYSTS

£20-24,000 with fully expensed Company Car plus benefits Location: West London

Due to a recent round of internal promotions, Express Foods Group (International), part of Grand Metropolitan plc is tooking for a limited number of top quality young accountants. We are seeking people with a range of experience who can make a contribution to the profitable development of the business. This could be either within our Performance Assurance Department,

or within Financial Analysis & Planning.

A leading name in the Food Industry, the Company has a turnover in excess of £1 billion, marketing a wide range of frncg and commodity products.

As an important member of the Management Team, you could be involved in the following

 product/site/Company performance analysis construction and evaluation of business proposals for new products, asset renewal and capacity

review of system effectiveness

the budgeting and planning process If you are a qualified accountant with a strong commercial awareness, and feel you can help us to set new standards and add value to this challenging environment then contact Jili Pennington on

01-845 2345 ext. 3625 or send your cv, indicating your areas of interest to:

Ms Jill Pennington, Personnel & Training Officer, Corporate Staffs Personnel, Express Foods Group, Block F, 430 Victoria Road, South Ruislip, Middlesex HA4 OHF.

**EXPRESS** *FOODS GROUP* 

In accordance with Express Foods Group (International) Equal Opportunities Policy, applications are welcomed from all persons regardless of sex, race or marital status.

## CHIEF ACCOUNTANT **EUROPE**

West End

£26,000 + Benefits

Our client is the European subsidiary of a U.S. multinational. Its European operation is located in the United Kingdom, Belgium, Holland and West Germany and is primarily concerned with the marketing, sales and manufacture of precision engineering products.

The position carries responsibility for the preparation of financial and management accounts both for U.S. reporting and Belgian statutory accounts purposes. The role also encompasses multi-currency accounting, systems implementation and staff development.

Because of the international nature of the vacancy, applicants should be good French speakers and computer literate. Aged 35-45, experience in a large multinational would be advantageous.

For further information please call John Brain or Wendy Isem on 01-629 4463 (daytime) 01-878 3634 (evenings/weekends) or write to them at the address below quoting Ref: JB 140.

#### HARRISON # WILLIS

FINANCIAL RECRUITMENT CONSULTANTS

Cardinal House, 39-40 Albernarie St., London WIX 3FD. Tel: 01-629 4463.

## FINANCE MANAGER

#### **Central London**

c. £35.000 + car + bonus

+ share options

THE DIRECTOR of the Financial Planning & Analysis Group of this international consultancy organisation, wishes to strengthen his team by recruiting a commercially-minded Finance Manager.

The Finance Manager will play an important role in shaping the business strategy of a major division which provides specialist consultancy and implementation

services in information technology. In line with flotation plans, further growth and diversification is anticipated which will result in the division doubling in size and turnover in the next two years. The Finance Manager will work closely with the Divisional Chief Executive and advise him in all commercial aspects of the business, including acquisition appraisal. Experience in the IT industry would, therefore,

You will provide the Board with effective financial and management information and assist in the formulation of business plans. You will need to understand quickly the factors driving the business and to provide clear recommendations for management action to achieve the growth and profit targets of the division.

If you are a qualified Accountant and/or an MBA, aged 29-35, and have the ability and experience to achieve results in a fast-moving environment, then please send cv, indicating current salary, to Fiona McMillan, Ref. 2746/FM/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.



Creating Business advantage

## FINANCIAL PLANNING MANAGER To £25,000 + Car + Relocation

Our client, part of a U.S. multi-billion high technology group, is the world's leading manufacturer of newspaper production systems, exporting to over 100 countries throughout the world. Major investment in new product development has produced rapid growth and a turnover of £85m is projected for 1989.

They now seek to recruit a Financial Planning Manager, who, reporting to the Financial Director and supervising a team of analysts, will assume full responsibility for providing financial management information to the Board and Group H.O. in Chicago. This is a key commercial role which will involve the production of annual and quarterly rolling forecasts, planning, performance analysis, project reporting and close liaison with non-accounting senior line management.

Candidates, aged 28-42, should be qualified Accountants with a large company background in manufacturing or engineering. Excellent communicative and technical skills combined with strength of personality, drive and commercial acumen are essential to the role. Prospects and rewards are excellent within both the division and the group.

Interested candidates should contact Alison Hill on 061-236 1212 or send a C.V. to

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#### MANAGEMENT ACCOUNTING

Providing proactive support to the largest IT operation in Europe

to £20K + car, bonus & subsidised mortgage London

NatWest's commitment to IT development is unrivalled in the banking world. In capital expenditure alone our investment over the next five years will top a billion : pounds - to say nothing of the human resources tied to the programme.
A new team has been established with the specific aim of providing positive management accounting support to the IT Group, helping its managers to retain close control and providing them with a wide range of decision-support information. The issues involved will range from preparation and monitoring of annual budgets, variance reporting, project appraisals and post-project audits; sessments of development costs and transfer pricing. There will be an emphasis on analysis, reporting and developing added value from an existing suite of totally integrated McCormick + Dodge

One of the many attractions of joining this team for a young qualified accountant

(perhaps even recently qualified) is that its role is evolving and its contribution continuously growing in significance. Your ideas, enthusiasm and positive approach will add to this process meaning plenty of scope for innovation. and a real chance to make your mark. By the same token, it will call for good interpersonal skills and a strong personality; persuasiveness combined with tact and patience.

Do you have the range of qualities and the broad-based knowledge we're looking for? Does a rewards package including car, bonus, non-contributory pension and subsidised mortgaga sound more than worthwhile? Then please write with your cv to: Colleen Guy, Manager, IT Recruitment, National Westminster Bank Pic, 1 Prescot Street, London E1 3RN. Please quote

<a>A NatWest</a>

## **FINANCIAL** CONTROLLER

#### - EXPORT DIVISION

#### **MANAGING CHANGE FOR 1992**

c£25,000 + BONUS + CAR

Our client is a £300 million turnover subsidiary of a major British Group with an established export operation selling its well-known brands on a worldwide basis. The company has recently restructured these activities with a view to maximising the potential benefits of 1992 and of expanding new markets outside Europe.

Reporting to the Export Director you will co-ordinate and develop financial and management reporting, financial planning, operating and export controls providing the support and information necessary to promote even more commercial success. You will be involved with other members of the senior management team in "sharp-end" decision making to enhance financial performance.

We wish to hear from ambitious, qualified accountants possessing excellent communication skills, with the ability to take advantage of either career progression into general management or promotion within the group's finance functions.

The company are located in an EASILY ACCESSIBLE part of NORTH WEST LONDON and a RELOCATION PACKAGE is available.

PAUL MOONEY on 01-387 8118 (eves: 7-9pm on 01-203 5351)

or send your C.V. to: EXECUTIVE **Euston House** 81-103 Euston Street LONDON NW1 2ET





PROPERTY CORPORATION

#### GROUP FINANCIAL DIRECTOR

Established in 1972, the Antler-Property Corporation is a growing force within the property investment and devalopment industry.

We are now seeking a highly skilled professional to head the Financial Development of the Group.

Based in Staines, Middlesex, this key appointment requires self-motivation. experience of all aspects of financial and management accounting, including group consolidation and the various methods for raising finance.

You should have a sound knowledge of company flotation procedures and the acquisition of profitable opportunities through receiverships, takeovers and company reorganisation. The expertise to develop and implement computerised systems and procedures is also essential.

For the right person, we are offering a substantial salary and performance related bonus, an executive company car, contributory pension scheme, private health, permanent health, and personal accident insurance.

If you have the expertise to make a major contribution to the devalopment of a rapidly expanding organisation, we would like to hear from you.

Write enclosing a full C.V. to:lain Ramsay, Group Managing Director, Antler Property Corporation Plc, Bridge House, Bridge Street, Staines, Middlesex TW18 4TW.

## F.M.C.G. Fast Track

NORTH WEST c\$26,000 + BONUS + CAR

This profitable company is a well-known manufacturer of consumer durable goods. World-wide sales of its products, which include brand leaders, total \$80 million.

Considerable managerial and organisational change has recently taken place and this process is continuing across all business activities to meet ambitious growth objectives. The

#### **Financial** Controller

Manages o team responsible for financial accounting and control activities, including the preparation of monthly and annual accounts. The position will suit a graduate accountant with sound commercial experience, at least 5 years of which should have been in manufacturing industry.

Résumes, with daytime telephone number and current salary, should be sent to Peter Jones, Coopers & Lybrand Executive Abacus Court. Manchester, M1 3ED, quoting appropriate reference number.

financial team is to be strengthened by the appointment of two highly professional and well motivated accountants to the key positions that report to the Finance Director.

Both positions offer excellent career prospects to ambitious self staters in their early thirlies, who passes line management experience, preferably in o fracg environment.

#### Management Accountant

Heads up the other major accounting aim of the finance function, producing management accounts, product costs and estimates and regular reviews of product performance. This is an ideal opportunity for a graduate management accountant with all teast 7 years experience in manufacturing industry.



#### QUALIFIED · ACCOUNTANTS

# IT ALL ADDS **UP TO ONE**



FINANCIAL CONTROLLER C£25K+ CAR + BENS KENT BASED

FINANCE MANAGER PORTSMOUTH

C£20K + CAR + BENS

**FINANCE MANAGER** 

c£18x + CAR + BENS

a result of a series of recent acquisitions, the Senews Group, part A of EMAP plc, needs to strengthen its financial resources. It is anticipated that eli candidates would be Qualified Accountants who wish to be an integral part of the management of this successful publishing operation.

The key skills required are to be able to motivate colleagues in their own and other departments, able to work under pressure in an autonomous business centre, but still able to smile.

Senews can offer a rewarding career opportunity, e comprehensive personal and management development training programme and all the other benefits of joining one of the most successful Public Groups in

Please send comprehensive C.V. to:-

LAURENCE BURGESS M.A. IECONI A.C.A., FINANCIAL DIRECTOR

SENEWS LIMITEO THE CENTRE HIGH STREET POLEGATE **EAST SUSSEX BN26 6AQ** 

## INTERNATIONAL ACCOUNTANT

#### **Central London** c.£27,500 + car

THIS PRIVATELY-OWNED, diverse international business services group, with a turnover in excess of £100m, has an outstanding growth record. Current plans include further expansion in Europe and USA. and a full stock exchange listing.

This key role, reporting to the Director of Corporate Finance, will include consolidating and evaluating the performance of operating units worldwide and handling certain taxation and treasury matters. In addition, there will be project work relating to the flotation. The role will involve some overseas travel

and haison with Regional Finance Directors.

Candidates will be commercially minded, recently qualified accountants, ideally aged 25-29, with good technical knowledge, including financial modelling techniques. Personal attributes required include excellent communication and analytical skills, a sense of humour and a persuasive personality.

The remuneration package will include a company car, usual benefits and the potential for equity

Please send cv, indicating current salary, to Fiona McMillan, Ref: 3023/FM/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group

## Finance Manager

#### London

We have been retained by a major International drinks company. As a result of the continued success and development of the group, we are seeking a Management Accountant to join the company at the beginning of a period of significant change.

As part of a European Marketing team reporting to the Managing Director, you will be responsible

- \* Key input to and evaluation of business proposals, budget and forecasts.
- \* Managing the successful development of a new DEC Microvax information system which is shortly to be installed.

c£28,000 + Car + NCP

\* Monitoring and controlling local expenditure through the effective management of a small administration team.

You will be a commercially minded accountant aged 25-30, with good computer and management reporting experience. Confidence, the ability to show initiative, strong inter-personal skills and the ability to communicate effectively with senior management, are all essential pre-requisites.

If you are interested and meet the above requirements then please send your curriculum vitae and daytime telephone number to

Jon Anderson ACMA. Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref M111.

Michael Page Finance International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottinghan Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## **Major West End Advertising Agency** FINANCE MANAGER

and the second of the second

c.\$26,000 plus car plus benefits

Of course, you've gained professional distinction - but have you got the business mind and real entrepreneurial flair to succeed in the fast moving, rapidly evolving world of advertising? That's the question that our client, one of the country's most exciting and fastest growing.

multi-disciplinary advertising groups, needs answering.

If the answer is yes, then this is a rare opportunity to apply your undoubted talent. Your brief will be anything but routine. As well as incisive appraisals of on-going business performance, you will work closely with the Financial Director in supporting the divisional and subsidiary company Boards and advising on issues as diverse as:

☐ MIS Development

Financial Managment

☐ Strategic Business Consultancy ☐ Investment Analysis Within the confines of this advertisement it is difficult to convey the wealth of opportunity that this position affords. Suffice to say that anyone seeking real business involvement across a range of operating companies, each varying in size, complexity and culture, should contact us

Career opportunities are impressive and you should soon assume a position of respect and influence within the Group. The remuneration package has been designed to attract individuals capable of progressing to Directorship status within the medium term.



Please write, enclosing full CV, quoting Ref: A245, to Charles Austin or Julia Church at Mervyn Hughes international Limited, Management Recruitment Consultants, 63 Mansell Street, London, El SAN. Telephone: 01-488 4114.



# Spotlight on Computer Audit £30,000 + Car

Most people know of Rank's film businesses, but in recent years the Organisation has also been one of the principal innovators in operations as diverse as engineering and entertainment with interests which range from Hotels and Holidays

to Restaurants, Cinemas and Theatre Equipment. Acquisitions and multimillion £ investment programmes here and in the USA mean there's an accelerating need for improving and implementing new systems.

This has led to the creation of a new role as Computer Audit Manager

As well as planning and directing assignments you will lead the team of qualified professionals on D.P. techniques, liaise between the department and all computer users in the group and carry out pre and post implementation reviews. Some limited travel to the USA is involved.

You'll need a wide range of D.P. knowledge to cope with the demands of diverse systems and businesses as well as proven Computer Audit skills. For more information or a preliminary interview call BILL CURTEIS on

01-242 6321

75 Grays Inn Road, London WC1X 8US (out of office hours 01-504 1329).

HIM ON WHAT BELLEVALUE TO BE TO BE

## /UDOR plc FINANCIAL CONTROLLER

Stourbridge, W. Mids. c. £25,000+Car+Non-Contrib Pension+Profit Share

Our Client is a highly respected, successful and expanding Group whose principal activities comprise the distribution of wall and floor tiles and the manufacture and sale of crystal glasswar This is a real opportunity for an experienced, competent Financial Controller to contribute to the businesses' continued achievement. Responsibilities will include preparation of fiveyear business plans and their annual update, the production of timely financial reports, monitoring the financial performance of the Group companies and providing valuable assistance on various ad-hoc assignments. Reporting

to the Managing Director, you will take a key

role in the further development of the Group.

The successful candidate will be a Chartered Accountant with strong commercial experience and polished communication skills. An ambitious personality is essential as the Group offers excellent career development opportunities leading to a board position for the right applicant. A first rate salary and benefits package will be offered, including profit sharing and non-contributory pension.

Please apply in writing with full career and salary history details, quoting reference B/178/89 to Louisa Chapman.

## RPAG Peat Marwick McLintock



Executive Selection

Peat House, 45 Church Street, Birmingham B3 2DL.

## Systems Requirements Manager

CITY c.£40,000 + BANKING BENEFITS

For the Banking Division of a British merchant bank with total as exceeding \$6.5 billion. This core division has a diverse range of businesses in the UK and overseas, and coatains atmost half the staff of the Bank. It is now reviewing its needs for management and financial information, and is seeking a systems-oriented finance professional to co-ordinate this key activity and the esuiting systems development.

Reporting to a Senior Director of the Banking Division, you will work closely with him and other senior members of the Division to determine its information strategy, assess what current systems provide and specify the requirements

for further developments. You will agree the users' priorities for work to be done, develop business cases and in liaison with the Bank's Systems Group, coordinate the limely delivery of the various projects agreed. An early priority will be to prepare the definition of user requirements for a major new. system to be developed this year.

Aged around 35, and preferably a qualified accountant, you will have experience of defining requirements of major IT systems and be familiar with siems development methodologies You will have a background in financial services, preferably banking. Consulting experience would be an advantage. Further career prospects are excellent

in this mediocratic environment. Résumés please, including o day time telephone number to Robin Alcock qualing Ref: RA511, Coopers & bybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London

Executive

Coopers Resourcing & Lybrand

## Finance Manager

AUTOMOTIVE COMPONENT GROUP WEST MIDLANDS, £25-£30,000 + BENEFITS + CAR

CORPORATE

ACCOUNTANT

DYNAMIC INTERNATIONAL GROUP

**BASED IN BERKSHIRE** 

Our client is a major international food service and distribution Group operating in the UK, Continental Europe and North America. Its turnover has grown rapidly to an annualised figure of almost £1bn, which has

been achieved both by organic growth and the strategic acquisition of a

number of businesses. As a result of this, the Company now needs to

The growing size and complexity of this Group will generate constant challenges on the technical front You will report on the Group's financial

and management accounting information, ensuring Group policies are adhered to and commercial objectives are achieved. Responsible for the consolidation of divisional results, you will be making an important

contribution to the interim and year-end reporting processes. To add to this, you will also devote much of your time to streamlining systems

through further computerisation.

To succeed within this compact team, you will be a graduate Chartered accountant, either still in the profession or with large company experience. You should have excellent technical and communication

skills, the ability to react quickly in a fast-changing environment and an appetite for hard work. The future will present outstanding opportunities

Please contact Julie Meakin or Lawrence Barnett at our Manchester

**CORPORATE** 

ACCOUNTANT

This is a significant appointment to provide a corporate accounting and budgetory function at the HQ of a major international service industry plc. It calls for a qualified accountant with experience of consolidations in a large

international group using computerised techniques and with a sound knowledge of current technical devalopments and standards relating to group accounting, both in

the U.K. and overseas. Experience of budgeting and preparing financial forecasts

the personality to gain the co-operation of financial executives at all levels in a

possibilities. This could oppeal either to a younger accountant seeking modern financial accounting experience as part of a planned development within the group,

or the more mature but realistically ambitious individual wishing to specialise and

Contract 2000,

Sutton Pork House, 15 Carsholton Road,

Sutton, Surrey SM1 4LE

- quoting Ref: OH/8.

The obility to forward plan, prepare and meet strict deadlines is important as is

Conditions of employment ore excellent and the post offers career development

Please reply in confidence to: Executive Recruitment Consultant,

Amethyst House, Spring Gardens Manchester M2 1EA Tel: 061-834 0618 Fax: 061-832 9123

A Division of ASB Barnett Kinnings Pic

Also at Liverpool and Leeds

make a key appointment to its finance team.

Relocation expenses will be paid.

office quoting reference B201.

ASB RECRUTIMENT LTD

Surrey

would be an odvantage.

variety of companies and locations.

goin odvancement in this discipline.

This is the number one financial position In o UK subsidiary of a major Automotive Component manufacturer. They are clear market leaders in their sector with a tumover of £58 million. The business is showing increased output and profitability and o major investment programme is underway, It is therefore an exciting and opportune time to join this successful business. You will work directly for the UK Managing Director and have a functional reporting line to a Divisional Financial Controller in Italy, Your UK Finance Department comprises of 30 people. This is o managerial rather than technical financial position where the

Age: 25/30

emphasis will be to continue the enhancement of what are already highly efficient systems. Coupled with this will be the development of better shop floor reporting and product

You will be a qualified accountant, probably in your early 30's. You should have already managed a sizeable accounting function in a significant manufacturing business and experience of working for a multinational will be advantageous. You should have some fluency in a second European language,

£30-35k + executive car

+ benefits

c.£30,000 + Car

The benefits will include a company car plus discounted car purchase facilities and relocation assistance. Please write with a full career résumé, including a daytime telephone number and salary indication, to John Effott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference

Executive



#### **GRADUATES**

CHARTERED ARTICLES (ACA/ATI) STUDY PACKAGES) £9-11,000 + overtime

"Top-8" to small/ madium practices 10 - 15 "UCCA" points essantial

1/2.1/2.2 Degree result expected or 1988 Graduates with work experience.

MERIDIAN REC. CONS. 01-255-155 25 MUSEUM ST., WC1A 1JT.

#### **DIRECTOR OF FINANCE**

UEA NORWICH

The Director of Finance is responsible for the financial managament of the University, including financial planning, budgets, forecasts and financial systems and controls. The University's Annual income is around £30m, from a wido variety of

We are seeking to appoint a qualified accountant with substantial axperianco at a senior level in financial management, not necessarily in education, who will be abla to respond to that challangs of the rapidly changing financial environment of

UEA is currently celebrating the 25th anniversary of its foundation in 1963. It is located in the attractive City of Norwich, within one of the fastest growing regions in the country.

The salary will be by negotiation, but is likely to be less than £30,000 per annum.

Applications (five copies), giving full particulars of ago, qualifications and experience, together with the names and addresses of three persons to whom reference may be made, should be lodged with the Registrar and Secretary, University of East Anglia, Norwieh, NR4 7TJ, (tel. 0603 592208) from whom further particulars may be obtained, not later than 28 February

The University is an equal opportunities employer.

## **GROUP FINANCIAL** CONTROLLER

Berkshire Up to £25,000 plus car The JPI Group is a successful, financially mature

Group of 7 companies active in the leisure marketplace with both publishing and property interests. Due to rapid growth, a vacancy has arisen for the position of Financial Controller. This represents an opportunity to join a young and energetic management team and assist in the further development of exciting

eisure concepts. Reporting to the Financial Director, the successful candidate will be a qualified accountant with some post qualification experience (preferably in a similar environment), and probably under the age of 35. He or

she will need to demonstrate commitment, good technical skills and the ability to manage a team.

Candidates should apply in writing, enclosing a full curriculum vitae, to Huw Watson, the Financial Director, at the following address:

JPI Group, Plantagenet House, Kingsclere Park, Kingsclere, NEWBURY, Berkshire RG158SW

#### BANK ACCOUNTING MANAGER

A major international bank, headquarterd in the City is seeking an Accounting Manager, reporting to the Financial Director. Applicants should ideally have 3 - 5 years accounting experience, preferably with a major center bank, dealing with all aspects of treasury, loan, trade finance, F.X., capital market instruments, and retail operations. Knowledge of regulatory reporting taxation, and computer based. Knowledge of regulatory reporting, taxation, and computer based multi-currency accounting systems is essential.

Salary and benefits are competitive and will be based on experience and

Please reply, enclosing Cutriculum Vitate to: Box A1140, Financial Times, 10 Cannon Street, London EC4P 4BY

## Financial Accountant

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## **FINANCIAL TIMES** COMPANIES & MARKETS

Thursday February 9 1989



INSIDE

Another twist in the Plessey tale



The suggestion that Plessey, the UK elec-tronics group, might demerge to escape the hostile attentions of GEC of the UK and Stemens of West Germany is as yet just a contingency plan. But if it reaches the front burner, it would be as audacious as any of

the bewildering manoeuvres which have characterised this bid battle so far. Page 28

Heard it on the HK grapevine

"The Bond Corporation has come to Hong .... Kong and intends to stay. We are here for the long haul." A defiant statement from the managing director of Bond Corporation international amid rumours that Alan Bond, the controversial Australian entrepreneur, (left) will pull out of the colony following almost certain defeat on his bid for 33.8 per cent of BCI, subsidiary of Bond Corporation of Australia.

Spanish banking firework —: rocket or damp squid?



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Spanish banking's big 1992 firework is in danger of fizzling out with a long, pathetic hiss. Boardroom Infighting at the Banco Español de Credito threatens to derail the planned marger with Banco Central, which would have created the country's biggest bank. Peter Bruce unravels a saga of corporate and personal differ- . ences. Paga 24

Japan shoots down an old image

M&A, the common abbreviation for mergers and acquisitions, once carried a more sin meaning for Japanese businessmen — Murders and AssassInations, But things have changed, seid Kazuo Chiba, Japan's ambassa-dor to the UK, at the FT conference on European Mergers. Not all voices at the conference were in agreement on the benefits of international mergers, however. Page 29

Shine goes off gold loans

The increasing popularity of gold loans — under which inlining companies are lent gold to be repaid, with interest, out of future production - has been causing grave misgivings in the banking world. Now one such loan has gone sour on Lloyds Bank, bringing the whole issue into sharper focus. Page 32:

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TT Group UB V& Instruments 184 — 287 — 82 — First Leiture First Lovell

Hanson sells meats unit to Sara Lee for \$140m

By Nikki Talt in London HANSON, tha UK-based conglomerate, yesterday contin-ued its spate of disposals with the sala of its US subsidiary

Hygrade Foods to Sara Lee Cor-poration.

Sara Lee, an Illinois-based group with interests ranging from bakeries and processed means to consumer products, is meats to consumer products, is paying \$140m in cash and the

paying argon in cash and the assumption of debt.

Hygrade is the third and smallest food business to be sold by Ranson during the past 12

Last March, Hanson disposed of Ross Young's, the frozen and chilled foods company which it acquired as part of Imperial Group, to United Biscuits for \$335m (\$579m).

Then, in July, the French BSN group bought HP Foods and Lea and Perrins from Hanson for \$100m

Hanson, however, still has the Imperial Foods business in the UK, which includes Seven Seas health products and Elizabeth Shaw confectionery.

It also owns a chain of "fami-

ly-style" restaurants in the US, through The Ground Bound com-Hygrade has been part of Han-son since 1976 — one of its earli-est US acquisitions.

est US acquisitions.
Yesterday, Mr Martin Taylor, deputy chairman, said in London that the company was selling because it had been offered "a very good, fair price."
Hygrade, he added, had been acquired for about \$30m.
In the year to end-September 1988, Hygrade had sales of \$244.9m, and made a pre-tax

\$244.9m, and mada a pre-tax profit of \$12.2m.

This was described as a record year for the Southfield, Michi-gan based business in Hanson's mmal report.

The company manufactures and processes frankfuriers, lunand processes transcurvers, run-cheon meats, sausage, bacon and hams, and takes in the Ball Park, Grillmaster, Hygrade's and West Virginia brand names. It claims to be one of the two leading producers of consumer-packaged frankfurters in the US. Sara Lee said vesterday that Sara Lee said yesterday that the acquisition fitted into its

name packaged meat bu its processed meat brand names already includa Kahn's, Jimmy Dean and Hillsbire Farm. In the 12 months to July 1988, sales from Sara Lee's processed meat and bakery operation amounted to about \$3.4bn — about one-third of the group

Net book assets of the Hygrade business were put at \$7.67m last Hansou sells stake in T-Line,

## AT&T's Italian renaissance

Alan Friedman and Roderick Oram report on the group's quest for worldwide expansion

ore than 50 years after it turned its back on the world so it could dominate its home market, American Telephone and Telegraph (AT&T)

is learning once again how to be a global giant.
So far it has invested five hard and humiliating years in rediscovering the world. Although it can boast the best technology in many areas of telecommunications word of its acclusion. tions, most of its early efforts to break into foreign markets found-ered on insensitive handling of political and nationalistic feel-

"We've taken our bumps inter-nationally and I'm sure we've been a bit of a disappointment to some folks," said Mr Gordon Brummer, AT&T's regional vice president for international operations.

But the company has been learning. It believes it is now ou the brink of success in Italy where it is about to be chosen as the foreign partner for Italtel, the state telecoms equipment com-

pany.'
The choice of AT&T - against stiff competition from three other European contenders - is to be approved formally today by the executive committee of IRI, the giant state holding concern that controls the STET telecoms business of which Italtel is a part.
Once IRI has given approval,
AT&T and STET will negotiate

the detailed terms of the accord. On the table will be a possible equity stake the US group might take in Italtel, the kind of research the new partners will opment budget, and how AT&T can help the Italians modify their Linea UT public switching system for the North American market and elsewhere.

In broader terms, the prospect of an alliance between AT&T and Italy's telecoms industry is of enormous significance. For the Italians, it means that

after years of delays they can finally move forward with a co-ordinated strategy (and the necessary injection of new technologies) to modernise the embarrassingly low-quality Italiau telephone system run by the SIP trility. Also, they can help Italtal to achieve higher export sales, which currently represent less than 10 per cent of the company's L1,700bn (\$1.2bu) annual turn-

For AT&T, the prospective deal means that after a chequered history of attempts to penetrate the European telecoms market a potentially major bridgehead has been attained, complete with the possibility of billions of dollars of equipment orders that may come from Italy's L37,000bn five-year modernisation pro-

In a wider context, the choice of AT&T rather than Alcatel of France, Siemens of West Ger-many or Ericsson of Sweden gives credence to claims that the post-1992 unified market will not necessarily become a "Fortress

Although AT&T sees Italy as a turning point, it is trying to keep the celebrations in context. "It takes more than five years to build an international company," Mr Brummer said.

AT&T has only just begun. It hopes to generate some 20 to 25 per cent of its revenues abroad by the turn of the century, up from roughly 10 per cent of last year's total revenues of \$35.2bn.

declines to break out foreign sales by region or type but analysts calculate a much more revealing figure: the bulk of last year's foreign reve-uues came from long-distance services; only \$500m came from equipment sales.

AT&T once dominated the

world's telephone business, spawning such companies as Nippon Electric in Japan and Stan-dard Telephone and Cable (pre-cursor of today's STC) in the UK. But under a consent decree with US anti-trust authorities, it agreed in the 1920s to divest foreign operations so it could com-

mandeer the US market. Ironically it was anti-trust pressures which brought the second great remake of AT&T five years ago. it agreed to spin off its local telephone operations into seven regional Baby Bells so it could keep its long distance networks and get into unregulated areas such as computer equipment.

Faced with growing competi-

tion at home from new long dis-tance companies and realising that telecommunications was increasingly an international business, it knew it had to rejoin

If it could not meet the international needs of its customers, it could lose their business back home, Mr Brummer said. More-over, it could not succeed in long distance services abroad if it could not build and sell equip-

AT&T has a lot going for it, said Mr Jack Grubman, an analyst with Paine Webber in New York. "It has the best technology, the biggest volume, state of the art manufacturing and some of the strongest finances of any company in the world."

By far the hardest task was finding ways to make the attributes pay off in some of the most politicised markets in the world. It had little to build on apart from some telephone consulting work for countries such as Saudi Arabia and Iran.

In Europe, its largest equipment manufacturing deal to date has been the 1934 joint venture with Philips in the Netherlands. That venture, now known as Network Systems International (NSI) and 60 per cent controlled by the US group, had 1988 sales Of \$600m. Belgium as well as the Nether-Elsewhere in Europe, AT&T's

efforts have either been less successful or much more modest. At the eud of 1983, the US group took a 25 per cent stake in Olivetti and agreed what was to have been a "global alliance" with the Italian company; that alliance has soured of late and is now described by both sides as a strictly commercial relationship. While Olivetti managed to ship more than 600,000 personal com-

puters to AT&T between 1984 and December 1988, a questiou mark now hovers above future sales. In 1986, AT&T invested \$220m in a microelectronics plant in Madrid and a year later formed a joint veuture in Denmark in the fibre optics sector. But 1987 saw the US telecoms group stumble badly in its hapless campaign to buy France's CGCT. More pru-dently, AT&T decided to shun a proposed consortium bid for Britain'a General Electric Com-

u its uegotiations for the Ital-tel deal, AT&T displayed an unusual degree of diplomacy and cultural sensitivity. It opeued a two-man office in Rome at the end of 1985 and recently created AT&T Italia SpA, a company that has 15 people employed in its international services busi-ness in Rome and half a dozen in its microprocessor sales office in

The AT&T task force on Italtel has been co-ordinated from New Jersey by Mr Bill Marx, executive vice-president for network systems, and aside from technical level negotiators, has also involved Mr Robert Dalziel, the Brussels based president of AT&T Europe, and Mr Aldo Enrici, the US-trained Italian who represents the group in

Mr Enrici and his colleagues began exploring prospects for the link with STET-Italtel even before the collapse in late 1987 of a planned merger between Italiel and Fiat's Telettra subsidiary. initial others from AT&T and its European competitors were lodged with Italtel and STET last summer, at which point the late Marisa Bellisario, who ran Italtel until her death last August, was already in favour of the US pro-

Italy is a country where nothing should ever be taken for granted until the lawyers have supervised the signing of coutracts, but barring a last-minute surprise from IRI today, AT&T appears to be well on its way to a highly promising deal.

## Mitsubishi buys UK food groups from Nestlé

By Christopher Parkes, in London

MITSUBISHI CORPORATION. the Japanese trading conglomerate, has entered the European food market with the purchase of Princes canned foods and Trex brand fats and oils from Nestle of Switzerland. Terms were not

The acquisition gives Mitsubishi a leading position in the UK canned fish and meats trade, and a toehold on the continent, where Princes has a small business in The Netherlands. It also marks the first significant move into the European food market

by a major Japanese company. The deal was foreshadowed by Mr Toshihiro Koizumi, general manager for marketing and co-ordination, who said in Tokyo recently that Mitsubishi was con-sidering 100 European invest-

ment projects.

It was important for the group to move in before 1992, he said, because outsiders would face

restrictions after that date.
Mitsubishl, with Interests
ranging from heavy machinery
to the Japanese Kentucky Fried
Chickeu franchise, runs the Dosanko chain of uoodle shops in the US and is also developing a aushi restaurant business there. Its Ryoshoku subsidiery is one of the top three food wholesalers in Japan. Food accounts for about 15 per cent of its \$60bn annual turnover.

The Princes and Trex brands made £6.3m (\$10.9m) profit in the UK last year ou sales of about £150m, Nestle said last night. Turnover in the Dutch subsidiary was £4m.

The business employs about 200 people in a factory in South-port, Lancashire, making fish and meat spreads and pastes. Most of the other products are packed overseas and imported for marketing under the Princes

Nestlé acquired the two brands early last year when it bought the Italian-based Buitoni group with the intention of developing its pasta business. The Swiss company said yesterday that it had sold the two brands because they did not fit with its strategy of concentrating on high addedown factories.
It attracted more than 30 bid-

ders when It put Princes and Trex np for auction last October, and City specialists expected a price of about £50m.

Although Trex is a second-ranking brand, Princes is a leading name in canned goods, with about 25 per cent of the £230m canned fish trade and about the same proportiou in cold meats. The purchase will give Mitsu-bishi strong links with retailers which may be exploited in future

## Olivetti bids \$174m for ISC

ITALY'S Olivetti group unveiled plans yesterday to strengthen its presence in the US banking branch automation business by means of the acquisition, for \$174m, of ISC Systems, the sec-ond biggest company in the sec-

Mr Vittorio Cassoni, Olivetti's chief executive, said a cash merger had been agreed that will see Olivetti taking control of ISC, which is quoted on the Nasdaq over-the-counter market.

The plan, according to Mr Cas-soni, is for Olivetti to merge ISC with Bunker Ramo, the Italian group's Connecticut-based sub-

sidiary. Bunker Ramo had 1968 sales of \$68m and about 8 per cent of the market in branch automatiou systems, while ISC, which oper-ates from Spokane, Washington, made a \$12m pre-tax profit last year on revenues of \$171m. By merging Bunker Ramo and
ISC, which claims to have 20 ISC, Olivetti aims to leap-frog year on revenues of \$171m.



per cent of the US market, is sec-

Vittorio Cassoni: plan is to merge ISC with Bunker Ramo

ond only to IBM in the branch automation equipment and ser-vices sector, IBM is believed to have about one third of the US market.

NCR and Unisys, each of which has a market share of about 10 per cent in the US.

Mr Cassoni stressed the future importance of strengthening Olivetti's position in the sector. He said that the branch automation systems business accounts for about 15 per cent of Olivetti's total group turnover, or about \$1bn a year, these earnings come mainly from Europe and Japan. The ISC deal also means that Olivetti's US revenues from the

now total almost \$250m a year, or as much as the group's North American revenues from the tra-The Olivetti-ISC agreement calls for the holders of ISC com-

branch automation business will

mon stock to receive \$12% in cash per share, or a total of 174m. ISCs share price on the Nas-

daq over-the-counter market stood at \$11% up % last night.

## **UAP** wins control of Allsecures

strained by its abaence of resources. UAP, as a state-con-

trolled company, cannot raise more equity capital through the

The single European market

UNION des Assurances de Paris (UAP), the leading French state-owned insurer, is to take control of Allsecures, a subsidiary of the Toro insurance group of Italy, thus doubling its presence in the rapidly expanding Italian market.

UAP will merge Allsecures with its existing subsidiary UAP Italiana. Toro will keep 10 per count of the combined country. cent of the combined company, and a further 25 per cent will be floated on the Milan stock

exchange in the near future.

At the same time, UAP announced it will sell its 35 per cent stake in the Canadian insurer, Groupe Commerce, for approximately FFr500m (\$778.5m). The amount almost exactly balances the cost of the Allsecures operation, leaving UAP with no net outlay.

Mr Jean Peyrelevade, chairman
of UAP, said the group had been

will be open, certainly, but for a long time it will continue to be dominated by national habits. It seems to us very important to have a network in the principal European countries," he said. UAP Italiana, based in Genoa,

stock market.

had premium income of L155bn (\$113m) last year in non-life insurance, and a further L20bn of premiums from a recently-created life branch. Allsecures, with its headquarters in Rome, had L162.5bn of non-life income last year, and a life subsidiary which has barely begun operations. The combined company will

seeking for some time to expand its presence in Italy, but was con-strained by its absence of have nearly 2 per cent of the Ital-ian market, "a base from which you can start to envisage real development, with good sales teams and a network of agents," said Mr Jacques-Henri Gougenheim. director of UAP.

Mr Peyrelevade said that Toro. controlled by the Agnelli family, had agreed to co-operate with UAP on other projects essentially in southern Europe.

He said that besides creating its own implantations in each market, UAP preferred also to form an alliance with a leading domestic insurer, as it had done in Belgium with Royale Belge and in the UK with Sun Life, in which it has taken a 19 per cent

In Canada, Mr Peyrelevade said the family which owned 65 per ceut of Groupe Commerce had

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The one organisation is the Commission for the New Towns. For further information dial 100 and ask for Freefone CNT Property Centre.

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## Intel loses NEC 'cloning' action

By Louise Kehoe in San Francisco

INTEL, the US semiconductor menufacturer, has suffered a serious defeat following a federal judge's rejection of its charges that NEC, the Japa-nese electronics company, has infringed its copyright protec-tion by marketing "clones" of Intel microprocessors.

The ruling, issued late on

Tuesday, was bailed as a "major victory" by NEC, which said it would now step up its efforts to compete with Intel in the market for microprocessors, the chips that power personal computers.
Intel immediately played

down the significance of the ruling, pointing out it applied to a "10-year-old product that represents less than 1 per cent of our (annual) revenues." Its lawyers claim the ruling includes an important prece-

SIEMENS of West Germany and NEC of Japan confirmed

yesterday that they have

signed licensing agreements

with MIPS Computer, a US

software and electronics group,

writes Louise kenoe.

The deals grant them the right to manufacture and market MIPS' Risc (reduced instruction set computer)

microprocessor chips. Risc

microprocessors are a new form of design yielding excep-

tionally fast processing speeds. The agreements represent the latest moves in an industry

wide battle to establish leadership in the next generation of

chips, which represent a \$6.1bn a year world market.

Canadian boost

FLETCHER Challenge Canada,

the hig Western pulp and paper group put together by New Zealand's Fletcher Group over

the past four years, posted a 29 per cent advance in profits last

year to C\$180.2m (US\$152.5m),

from C\$140.2m in 1987. Sales were C\$1.5bn, against C\$1.4bn.

In the fourth quarter net

profit was C\$45.8m, up from C\$40.7m, on sales of C\$371m, compared with C\$364m.

for Fletcher

By Robert Gibbens

writes Louise Kehoe.

dent for US microprocessor designers. The ruling that microcode is covered by copyright protection "is a broad landmark decision for the industry, and we now have a precedent that our large investments in new products . . . can be protected under the copyright law," Mr Thomas Dunlap, Intel's general coun-

NEC claimed, however, that throughout the 2½-year legal battle Intel had "tried to use the litigation as a marketing tool" to dissuade potential customers from using NEC micro-processors. "The cloud has now been lifted and we intend to market our V-series (microprocessor) products like crazy, said an NEC official in

While the legal dispute

US, Japanese and European

chip makers are placing their bets oo a handful of Risc

microprocessor chips, all designed by US companies. By forming international partner-

ships, the companies aim to establish their chosen chip design as an "industry stan-

The agreements with NEC and Siemens are seen as a coup

for MIPS. Both of its new part-

ners are power houses in the semiconductor market: NEC is

the largest chip maker in the world, while Siemens ranks as one of the largest in Europe.

pany with no semiconductor manufacturing facilities of its

own. The company's Risc pro-

MIPS is a five-year-old com-

dard" in the 1990s.

focused on the Intel 8086 and 8088, the first generation of microprocessors widely used in personal computers, the ruling will also affect newer chips, representing an estimated 17 per cent of Intel'a 1988 revenues, NEC claims.

Microprocessors represent one of the few sectors of the semiconductor market in which US companies maintain a significant lead over Japanese competitors.

The ruling could seriously threaten that lead, according

to industry analysts, and so increase trade tensions between the US and Japan.

The short-term impact of the ruling will depend largely on NEC's marketing abilities. In the long term, however, it may have serious consequences for intel and other US chip makers

which develop original microprocessor designs at hnge

Intel's latest 80386 microprocessor, the chip used to power many high-performance personal computers, cost \$100m to develop, the company claims.

Although this and interim products were not directly involved in the dispute, the judge's ruling appears to leave open the possibility of legal "clones" of all microprocessors. In another aspect of the complex dispute Intel was ruled to

plex dispute, Intel was ruled to have forfeited its copyright protection by failing to ensure that all of its chips carried a copyright marking.
"We strongly disagree with

the decisions on marking and infringement," Mr Dunlap said.
"We are weighing the possibilities for an appeal."

## Siemens and Japanese in deal with MIPS The "alternate sourcing" strategy that MIPs and other US Risc chip designers have

snccess when Digital Equipment adopted the MIPS processor for a new range of com-MIPS chips are produced by US licensees including LSI Logic. Integrated Device Technology and Performance Semiconductor.

cessor designs are, however,

highly regarded.

Recently it scored a major

Its rivals in the Risc chip market include Sun Microsys-tems, which has licensed its Risc processor to Fujitsu, LSI Logic, Texas Instruments and other US manufacturers, VLSI Technology, which has licenced Sanyo to make its chip, Motorola and Advanced adopted has been common practice thoroughout the his-tory of the US semiconductor industry.

Licensing has, however, led to serious legal problems, such as the dispute between Intel and NEC and more recent litigation between Motorola and

Some industry leaders and government officials in the US are questioning the value of licensing agreements with foreign companies. They charge that the US industry has "sold its seedcorn" to foreign chip producers while coining little producers, while gaining little

## Bank chief turns down Krupp post

By Andrew Fisher in Frankfurt

MR Alfred Herrhausen, chairman of Deutsche Bank, has turned down the chairmanship of the supervisory board of Krupp, the West German steel and engineering group. Krupp had heavy losses last year and has been the subject of speculation about its future structure and ownership,

Both Mr Herrhausen, who comes from the Ruhr industrial area in which Krupp is based, and Deutsche Bank

agreed that the job would make too many claims on his time at a time when the bank was facing new challenges. He became sole chairman of Deutsche Bank last May - pre-viously he was joint chairman and has stressed the need for it to push deeper into other European markets and into financial services.

Because of its slow reaction to worsening conditions in the industrial plant sector, Krupp is likely to report pre-tax losses of np to DM100m (\$54m) in 1988. Mr Berthold Beitz, head of the supervisory board, has said he will step down in June. Meanwhile, Thyssen, whose profits rose sharply last year, has said it is no longer interested in acquiring Krupp, after the latter snnbbed its approaches. Krupp is con-trolled by a foundation, with the Government of Iran hold-ing a quarter of the shares.

## **Bathurst** may face newsprint order loss

By David Owen in Toronto

CONSOLIDATED-Bathurst, the large Montreal-based forest products company, could lose part of a large contract to sup-ply newsprint to the Toronto Star, Canada's largest circula-tion newspaper, when the con-tract comes up for renewal at the end of next year. the end of next year.

the end of next year.

The 10-year contract accounts for a significant portion of Bathurst's newsprint-related revenues. The company was acquired last month by Stone Container of Chicago in a deal valued at C\$2.6bn (US\$2.2bn).

The possible problem arises because Bathhurst is the Star's sole newsprint supplier. This policy of single-sourcing is extremely anusual for a major

policy of single-sourcing is extremely unusual for a major newspaper nowadays.

It has consequently prompted speculation that the Star may opt this time to turn to additional suppliers for part of its 160,000-180,000 tonnes a year newsprint requirement.
"My understanding is that
the Star has made a decision

the star has made a demsion to diversify sources," says Mr Ross Hay-Roe, a Vancouver-based analyst. Mr Bruce Taylor, the newspaper's director of operations, says that no decision about possible diversification had been reached. "We have been dealing with Consolidated-Ba-

hurst for a long time".

Negotiations are, however, in progress, the newspaper confirmed. Bathurst meanwhile would not comment on the situation. the situation.

#### Dofasco raises profits by 53%

By Robert Gibbens

DOFASCO, Canada's largest integrated steel company, earned C\$195.2m (US\$165m) or C\$3.37 a share in 1988, up 53-per cent on the previous year's C\$127.2m or C\$2.30. Revenues were C\$3bn, against C\$2.2bn. Algoma, the Ontario steel group which Dofasco acquired last August for C\$538m, con-tributed C\$21m to the results. Strong demand resulted in full capacity working.

## Anheuser-Busch advances for 12th successive year

By Karen Zagor in New York

the company's run of unbroken growth to 12 years.

The St Louis-based brewer lifted fourth-quarter net earn-ings to \$125.5m or 44 cents a

a share on revenues of \$2.19bn against \$2.05bn. Net income for the year was \$715.9m or \$2.45 a share on rev-enues of \$9.71bn, compared with \$614.7m or \$2.04 on reve-nues of \$9.11bn for 1987. Beer

share, from \$109.6m or 37 cents

ANHEUSER-BUSCH, the biggest US brewer, reports strong results for 1988, pushing Earnings per share, up 20.1 per cent over 1987, benefited from the company's share repurchase programme.

Mr August Busch, chairman

of the group whose Budweiser, Bud Light and Busch beers dominate the US beer industry. said that the strong performance was due to the growth of Anheuser-Busch Inc and to the higher profitability of the Campbell Taggart and Busch Entertainment subsidiaries.

Campbell Taggart is a Dal-las-based bakery, and frozen and Mexican foods producer. Busch Entertainment operates Busch Gardens amusement parks in Williamsburg (Virginia), Tampa (Florida) and Philadelphia

All main operating subsidiaries increased sales in 1988. However, some analysts warn of possibly slimmer profit mar-gins for 1989, when the brew-ing giant will face higher com-

## Capital Cities/ABC 20% up

By Anatole Kaletsky in New York

CAPITAL CITIES/ABC, the third largest US television net-work, reported a 20 per cent advance in net income in the fourth quarter and a 39 per cent gain for 1988 as a whole. But ABC's revenues from both broadcasting and publish-ing declined in the fourth quarter, reflecting softness in the US advertising market and declines in demand from speci-

Fourth-onarter earnings amounted to \$140.2m or \$7.76 a share, compared with \$117.0m or \$6.91 the year before. Broadcasting revenues declined by 8 per cent to \$1.05bn, while publishing revenues slipped 3 per

cent to \$266m.
In addition to disappointing advertising demand, the latest

quarter's results reflected andialised publicatios and shopping ence losses resulting from a Writers' Guild strike, as well as from the extensive coverage of the presidential election.
For 1968 as a whole, ABC earned a record \$387m or \$22.31 a share, compared with \$279m or or \$16.46. TV revenues grew by 9 per cent to \$3.75bn, while publishing revenues were up 1 per cent at \$1.02bn.

Cyanamid well

ahead on

record sales

By Our Financial Staff

AMERICAN CYANAMID, the

diversified US medical prod-ucts group, unveiled increased profits in the fourth quarter

and full year after lifting 1988 world sales to a record \$4.6bn.

The group, whose largest overseas subsidiary is in the

UK, increased fourth-quarter

net income to \$62.8m or 71

cents a share, from \$60.2m or.

67 cents, on sales up to \$1.1bn from \$1.03bn.

Operating net income for the

#### Fourth-quarter surge lifts CBS year result by 84% By Anatole Kaletsky

CBS, the second largest US television network, almost doubled its net profits in the fourth quarter, although its revenues remained flat, reflecting the softness of the US advertising market. CBS made \$40.1m or \$1.56 a share from its continuing operations in the fourth quar-

ter, compared with \$22.5m or 86 cents the year before. Reve-nues were \$772.3m, virtually unchanged from \$772.9m.

in 1988 as a whole, CBS made \$283.4m or \$11.02 a share from continuing operations, 84. per cent up on 1987's \$136m or \$5.21. Revenues were up less than 1 per cent, at \$2.78bn. The company'a total net profits also included several special items excluded from

the income from continuing operations. In the latest quar-

ter, a \$3m profit from discon-

tinued operations was exactly offset by a \$3m loss from early debt extinguishment, making the final net \$40.1m. In the full year, there was net income of \$869.5m from dis-

continued operations and a loss of \$3m from debt extinguishment. This increased the final net profit for 1988 to \$1.15bn or \$44.75 a share. • . New York Times said the softening in some of markets is ikely to result in lower results

for the first quarter of this year, but it expected improved results for the full year. The group reported 1988 earnings from continuing operations of \$161m, before a \$6.7m gain from discontinued

full year rose to \$305.6m or \$3.41 a share from \$264m or \$2.89 last time, on sales of \$4.2bn. Tha 1987 figure excludes a gain of \$11.6m from discontinued operations. operations, on revenues of \$1.7hn. In 1987, it earned \$156.3m, before a \$4m gain from discontinued operations, The UK operations lifted net pre-tax earnings by 15 per cent to £21m (\$36.5m) last year on sales of £165.2m, compared

This announcement appears as a matter of record only.



£182,500,000

Management Buy-out

Co-Underwritten by Citibank, N.A.

The Bank of Nova Scotia • Crédit Agricole Standard Chartered Bank

> Arranged by Citibank, N.A.

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#### **DAEWOO CORPORATION** US\$175,000,000

Floating Rate Notes 1995

(Coupon No. 4)

Pursuant to Note conditions, notice is hereby given that for the interest period 8th February 1989 to 8th August 1989 (181 days), an interest rate of 913/16 per cent, per

Amount per coupon (No. 4) = US\$4,993.51 Payable on the 8th August 1989

Reference/Agent Bank



THE LONG-TERM CREDIT BANK OF JAPAN, LTD. London Branch

DKK 600,000,000 Floating Rate Notes due 1993

Tranche B of DKK 300,000,000

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 9th February, 1989 to 9th May, 1989, the Notes will bear interest at the rate of 8.375 per cent. per annum. Coupon No. 10 will therefore be payable on 9th May, 1989 at DKK 5,176.22 per coupon for Notes of DKK 250,000 nominal.



#### INTERNATIONAL COMPANIES AND FINANCE

## **American Express** delays Japan card after bank pressure

By Stefan Wagsty! in Tokyo AMERICAN EXPRESS, the US which currently heads the Fedfinancial services group, has got itself embroiled in the perennial turf war between. Japanese banks and securities

The group has been forced to postpone a widely publicised new card it planned to launch m early January jointly with Nomura Securities, the largest Japanese securities company. The Amex-Nomura card was to be the same as an ordinary American Express charge card except that the money to pay for a holder's bills would not be drawn from a bank account but directly from his medium-term bond investment account

Japanese banks cried foul, claiming that the arrangement would allow Normera to treat its fund accounts like bank savings accounts - and encroach on the banks' exclusive preserve of handling cus-

tomers' payments.

The Japanese Ministry of Finance judged that the proposed card was not illegal under the terms of Japan's Securities and Exchange Law, which separates banking and securities. But the commercial banks, led by Mitsubishi Bank,

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- 2000

eration of Japanese Bankers' Associations, forced American Express and Nomura to come

banks and securities companies]. But that's what it is.'

of the payment system - for example, by banning small transactions under Y10,000. They warn that if American Express and Nomura were to press on with their original plan, they will move unilater-ally into various areas of the securities business - possibly starting to broke stocks and shares in the form of deposi-

tary receipts.
Yesterday, it emerged that
Mitsubishi Bank had threatened to charge American Express Y100 per transaction for payments made from Nomura investment accounts four times the normal rate.

A puzzling aspect of the story is why Nomura chose to pursue a scheme which it must have known would run into severe opposition.

#### Normandy thwarts TNT in Poseidon bid battle

By Chris Sherwell in Sydney NORMANDY RESOURCES, the small Australian mining group controlled by Mr Robert Champion de Crespigny, appears to have secured control of the cash-rich resources company Poseidon ahead of its rival bidder, the TNT transport

Although the final position is still subject to court findings on a suit brought by TNT, Normandy yesterday claimed a stake in Poseidon of 38 per cent, while TNT has a fraction

under 20 per cent. But because Normandy can expect the additional backing of the South African Anglo American Corporation, which has 10 to 11 per cent of Posei-don, it is assumed Normandy cent, which is a condition of its

counterbid.
TNT is offering A\$2.60 a share for Poseidon, valuing the group at more than A\$400m (US\$354.8m). Normandy offered A\$2.30 cash plus one redeem-able convertible preference share for every two Poseidon shares. The preference share is redeemable at A\$3.30 in four years' time or convertible into

Normandy reached its cur rent 38 per cent shareholding in Poseidon after increasing its direct stake to 24 per cent from its initial 20 per cent, and then receiving acceptances from Western Mining Corporation for 5.4 per cent and the National Mutual insurance

to the negotiating table.

One banker says the talks have not gone well. "I don't like to say this is war [between The banks want American Express to drop its plan alto-gether or to limit the flexibility

> cessfully concentrated attention on the fact that Hong Kong's booming property and share markets have overtaken what was always a low offer from Bond. Now it is being confidently predicted on Hong Kong's ever-active gossip grapevine that Mr Bond, strapped for cash world-wide, will somehow or other end his activities in the colony. It is being confidently predicted he will soon sell off his 50 per cent stake in the prediction of the stake in the prestigious 46-storey Bond

Centre office development which carries his name in white neon lights on top of what is one of the colony's highest and most architecturally stylish buildings. But company executives insist he will not leave. BCI will continue with its business

Han Bond, That will almost certainly be the listed company if the privatisation is defeated on Monday," Mr Peter Lucas, BCI managing director, said last night.
"Its object would be to con-

Bond shaken, not stirred in HK

John Elliott on the Australian entrepreneur's Hong Kong problems

tinue to generate profits and to develop business opportunities in Hong Kong, China and elsewhere in Southeast Asia. The Bond Corporation has come to Hong Kong and intends to stay. We are here for the long haul."

Mr Lucas talks of possible brewing and other ventures in China and elsewhere. But on the Bond Centre, he always qualifies his denial of a possi-ble sale and indicates obliquely that it might go for the right

BCI was floated on the Hong Kong stock exchange at the end of 1986. A few months later it bought the whole of the 1.05m sq ft Bond Centre, then being built as Financial Square, for HK\$1.9bn (\$243.6m). Later it sold a 50 per cent stake in the centre to EIE Development (International), the Hong Kong arm of a Tokyo controlled company.

This deal, plus a HK\$1.4bn

residential property purchase from Hong Kong Land and a stake acquired in the local TVB television station, won Mr Bond acclaim from local Chinese entrepreneurs. "He was behaving like a Chinese, building np assets funded by debt in a rising market, then selling off assets to reduce the debt,"

Controversy soon built up, however, first over misleading statements made by Mr Bond (who apologised publicly) on BCI's asset value, and over other deals abroad. The view in

predominantly local Chinese shareholders. Australian entrepreneurs have been attracted to Hong Kong because of its low 17 per cent tax rate. But this is expected to change when Australia implements its tax reforms, now delayed until next year. The changes seem likely to

make companies operating

abroad pay at least the full 39 per cent Australian rate and

Hong Kong was that Mr Bond

had not come to make regional

investments, but to use the col-

ony as a tax haven for world-

wide ventures without consult-

ing his minority - and

maybe more, depending on double taxation treaties.

his fuelled rumours that Mr Bond wanted to get out when, last October, he joined a trend for the buyout privatisations, which enabled entrepreneurs to gain total complete control of

undervalued companies at 1988's cheap stock market Bnt Bond's buy-out offer last October of HK\$2.20, although above the then market price of around HK\$1.40, was far below BCI's net asset value of HK\$2.81, since raised to HK\$3.20 following the sale of the TVB interests last Novem-

Some bankers say the value should now be HK\$4, if the Bond Centre is included at cur-rent prices. Located in the middle of Hong Kong's expanding commercial area, the centre's rents have gone up from around HK\$20 per sq ft 13 months ago to HK\$55 or more now. This suggests a market

to focus attention on the issue but it also wants BCI's 50 per cent Bond Centre stake. Its bid of HK\$3 a share totalled HK\$3.6bn for the whole of BCL But it wanted Mr Bond to buy back BCI's foreign interests at book value, so that it would have acquired the Bond Centre

below valuations.

Mr Bond rejected HKR's requests for talks and also decided not to improve his HK\$2.20 buy-out offer because such a move would have been the start of a slippery slope with no end in sight. So the HK\$2.20 had been left for the minorities to reject next Mon-

50 per cent for HK\$1.7bn, well

immediate return, compared

with HK\$4.5bn in the privatisa-

HK\$2.20 buyout offer built up,

especially as Hong Kong's

Hang Seng index climbed from

2,600 in mid-December to over

run by the immensely rich Cha

Chi family, which has major

textile interests in Africa as

well as property in Hong Kong

with its takeover bid as the

standard bearer for angry Chi-nese minority shareholders. The Cha Chi family wanted

and North America, stepped in

3,000 by the end of January. Eventually HKR Properties,

So criticism of Bond's

tion valuation

Then a new round will start as HKR and other would-be buyers move in on the main prize - half the glittering Bond Centre - with the win-- half the glittering ner, if there is one, presumably having the bonus of removing that glittering Bond neon name from its pinnacle in

#### **Shearson Lehman Brothers** Holdings Inc.

U.S. \$500,000,000 Floating Rate Notes Due 1991

For the three months 9th February, 1989 to 9th May, 1989 the Notes will carry an interest rate of 95/8 per cent, per annum and interest payable on the relevant interest payment date 9th May, 1989 will amount to U.S. \$237.95 per U.S. \$10,000 Note.

By Morgan Guaranty Trust Company of New York, London Agent Bank

## in its format as a publicly High lending volumes help Standard Bank profits

By Jim Jones in Cape Town

verdict next Monday, when

minority shareholders are expected to reject a controver-

rial HK\$2,20 a share offer from

Bond Corporation Holdings of

Australia to buy out their 33.8

per cent in its Hong Kong sub-sidiary, Bond Corporation

Two weeks ago, senior Bond

executives were confident that the controversial Australian

entrepreneur's offer for the

buy-out - or privatisation as it

is known in Hong Kong — would succeed. But this plan

was upset on January 28 by a

conditional HK\$3 offer for Bond's 66.8 per cent holding from HKR Properties, a dis-gruntled and significant minor-

ty shareholder. HKR has suc-

International.

SUBSTANTIALLY higher consumer and mortgage lend-ing volumes combined last year to increase the profits of Standard Bank, Standard Chartered's former South African subsidiary, even though banking margins were artifi-cially depressed by the author-

The bank's total advances increased to R23.5bn (\$9.6bn) at the end of 1988, from R18.5bn a year earlier, helped by an increase in mortgage lending to R3bn from R2bn. can stop TNT winning 51 per group for another 5 per cent.

Total assets rose to R29.7bn from R22.1hn. The operating profit before interest paid on deposits increased to R2.57bn from R1.71bn, interest payments rose to R2.17bn from RL38bn and the pre-tax profit was R406m, against R329m. The directors say the prime

overdraft lending rate rose to 18 per cent from 12.5 per cent during the year, but add that lending margins were squeezed by the anthorities' unwillingness to allow overdraft rates to rise in line with

the money market rates which largely determine the bank's cost of borrowing.

Earnings increased to 270 cents a share from 225 cents and the year's dividend has been lifted to 95 cents from 82 cents a share.

The dividend was covered 2.75 times by earnings and the directors say cover will eventually rise to three times. Standard, along with all other banks, is increasing retentions to comply with increasingly stringent capital ratios being phased in under the new Ranks Act. · Rand Merchant Bank, the

privately owned Sonth African banking company, lifted profits in the six months to December 31, but says it was restrained by disappointing results from its traditional banking services.

The disclosed interim profit after tax and transfers to and from inner reserves was R7.5m. Total assets were R1.27bn at end-December, against R1.13bn a year earlier.

U.S. \$1,000,000,000

This announcement appears as a matter of record only.

**Medium Term Revolving Facility** 

**MONTEOISON** USA, INC.

> Underwritten by Citibank, N.A.

Sub-Underwritten by Banca Commerciale Italiana Banque Nationale de Paris Credit Lyonnais IBJ International Limited

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Funds provided by

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Co-Lead Managers

Amsterdam-Rotterdam Bank N.V., New York Branch

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BBL Bank Brussels Lambert, Grand Cayman Branch ● Kansallis-Osake-Pankki, Helsinki Kredietbank N.V. ■ The Mitsui Trust and Banking Company, Limited New York Branch

The Saitama Bank, Ltd.

Citicorp Investment Bank Limited

January 31, 1989

**CITICORP** 

#### INTERNATIONAL COMPANIES AND FINANCE

#### Caisse seeks 'French and fair' role n he Caisse des Depots et Mr Lion points with pride to

of Industrial production, manufacturing output (£ billion): retail sales volume (1960 = 100); retail (1985 = 100); engineering order: sales value (1980 = 100);registe institution, has earned a bar-Unom-picyed 2.653 135.4 136.3 137.7 137.0 140.0 139.5 138.4 141.2 140.4 140.8

UK ECCNOMIC INDICATORS

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985 = 100); housing starts (000s, monthly average).

EXTERNAL TRADE- indices of export and import volume balance; current balance (Em); oil balance (Em); terms of

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); ban slerling lending to private sector; building societies net inflow; consumer credit

NFLATION-Indices of earnings (1985 = 100); basic materials and fuels; wholesale

	Earn	Banic matte.*	Whaute.	RPI*	-	Reuters*	Carrellan
	Inga*	riming.	manigt	Ma.	Foods	emdly.	Stating
1987							
ath Qtr.	120.8	96.4	109.8	103.2	101.7	1,683	74.5
1988							
1st atr.	121,5	95.9	211.0	103.7	103.5	1.747	. 75.3
2nd atr	124.8	97.8	112,6	106.2	104.8	1,817	77.6
3rd ctr.	127.5	93.6	113.9	108.6	104.7	1,902	75.9
ath otr.		100.1	115.2	109.9	105.7	1.897	77.5
April	124.3	96.3	112.2	105.8	104.4	1.736	73.2
May	124.1	97.7	112.6	106.2	164.7	1.778	76.4
June	125.9	99.5	113.0	103.6	104.8	1,526	76.3
July	125.3	99.4	113.5	156.7	104.0	1,970	75.5
August	125.8	98.8	113.9	197.9	104.4	1,863	78.5
September	127.3	98.2	114.3	108.4	104.8	1.873	75.5
October	128.9	93.0	114.9	109.5	104.9	1.874	76.3
November	131.2	99,8	115.2	110.0	105.7	1.366	77.1
December 1989		102.6	115.4	110.3	165.6	1,921	79.0
January						1,369	97.9

rage of complaints from the right wing opposition over its role as the orincipal backer of Mr Georges Pebereau in his bid Societé Générale, the privatised French bank.
Politicians and bankers have

Coosignations, France's

principal state financial

criticised what they see as a backdoor renationalisation, and demanded an overhaul of its 1816 statutes. Mr Rohert Lion, chief executive of the Caisse, was, nevertheless, calm yesterday as he presented his group's 1938 results: "On the whole a good year, a year of regained health."

Appointed by the President of the Republic and answerable to a supervisory heard chaired

of the Republic and answerable to a supervisory board chaired hy a member of parliament, Mr Lion runs a diverse group that has never lost its public interest mission, including the mansgement of FFr730bn (\$114bn) of tax-exempt savings hooks funds, the financing of subsidised housing and of local authorities, and an ill-defined role as moderator of the role as moderator of the Freoch capital markets.

Net profits on its core banking operations - after a "vol-untary contribution" to the Covernment computed at standard corporation tax rstes rose 35 per cent last year to nearly FFr4bn. Savings book accounts,

#### Little change to Union Bank of Finland profits

By Olil Virtanen in Helsinki UNION BANK OF FINLAND, one of the country's two big-gest commercial banks, reports virtually unchanged profit of FM1.2bn (\$290m) before extraordinary items and taxes in the preliminary result for

Extraordinary income, mainly from sales of real estate, totalled FM550m, lifting the profit before appropriations and taxes to FM1.76bn. Adjusted earnings per share declined to FM3.53 from FM3.91 in 1987.

The board proposes an unchanged dividend of FM1.40 for A and C shares, and FM1.10 for B shares. The total amount of dividends paid will be FM352.8m. Consolidated assets increased by 15 per cent to FM133bn at the end of 1988.

#### Berliner Bank in Swiss deal By Leslie Colitt In Berlin

BERLINER BANK, nally heing privatised, has taken a 25.1 per cent share in Bankinstitut Zurich (BZZ), a private Swiss bank which caters for well-off private

The West Berlin bank said its stake in the Swiss bank might be raised in the future depending on BZZ's private shareholders. Berliner Bank did not disclose what it paid for the stake but noted that the Swiss bank had a balance sheet total of SFr108.2m (\$68m) last year, double that for 1987.

which the Caisse manages, free of charge, for the French post office, "Ecureuil" savings banks and public Treasury agents, suffered net withdraw-als of FFr19bn. However, Mr Lion regards the outflow as well helow the alarm level reached in 1986, when the Gov-ernment raised the ceiling on savings accounts, which

George Graham in Paris on the financial

receive a standard, regulated interest rate of 4.5 per cent.
The group's main operating subsidiaries also returned satisfactory results in 1988. Credit Local de France, specialised in local anthority finance, made profits of FFr400m with Fr35bn of new loans.

Caisse Nationale de Prevoy-ance (CNP), which supplies insurance, pension and mutual fund products for the Ecureuil and post office networks, returned a profit of FFr600m on sales up 25 per cent to

Caisse des Depôts-Developpe-ment (C3D), meanwhile, at last returned to profit in its sector of nrban development, civil engineering and consulting services, with earnings of FFr200m on turnover np 31 per cent to FFr9.6bn, in what Mr Lion describes as "a redoubtable turnaround effort.

By Tim Dickson in Brussels

A FRANCO-BELGIAN consortium including Mr

Albert Frère, the leading Bel-

gian financier, yesterday declared its interest in taking

control of the space, defence and telecommunications divi-

sion of Acec, the struggling Belgian electrical engineering

The would-be bidders, which

announced their plans at a press conference in Charleroi,

consist of Matra, the diversi-

fied French company, Prominv-

est, the investment company

which is part of Mr Frere's

Gillam, a Liege-based data

By Karen Fossii in Oslo

MR GERHARD HEBERG, the

main architect behind the

rapid international expansion

of the Aker group, one of Nor-

way's largest industrial compa-nies, is to step down as presi-

dent and become chairman.

replacing Mr Harold Jakhelin,

Mr Karl Glad, one of Nor-

way's most influential indus-

trial leaders and a member of

Aker's senior management team, is to replace Mr Heiberg

from April 1. Mr Glad was pre-

viously the managing director of Aker Mek Verk, an offshore

construction yard, which saw formidable profits during the

There has been speculation

about the eventual exit of Mr

Heiberg after 16 years as presi-

who is to retire.

early 1980s.

an increase in the Caisse's financing of low cost municipal housing, FFr40bn out of total lending of FFr50bn in 1988, at rates well below the market. In addition, Mr Lion yesterday announced a FF19bn urban redevelopment package, half of it destined to renovating school buildings, at interest

institution's response to a volley of complaints from politicians and bankers

> out of its own capital to the tune of FFr1.2hn. Another point of pride is the increasing decentralisation, especially the devolution of the design of savings products from the CNP to its three main clients — the post office, the Ecureuil network, and the

rates subsidised by the Caisse

reasury agents. Mr Lion also claims a year's advance over most other French financial groups in the setting np of Chinese walls between the group'e different divisions and in the control of personal dealings by fund managers and senior executives. agers and senior executives. Thus, he aims to rebuff criticisms of the Caisse's role in the SocGen battle, which has involved it in an insider dealing investigation by the Commission des Opérations de Bourse (COB), France's market watchdor.

Franco-Belgian group seeks

transmission technology com-

the value they would put on the Acec activities but the idea

is that Matra would "take over

leadership" of the defence and

space interests, while Gillam would concentrate on telecom-

Almost all Acec's other

activities have either been sold

completely or put into joint

partners (notably the French group Alsthom) under a

shake-up inspired by Société

Générale de Belgique, the group's main shareholder.

and a strategy to streamline its

assets portfolio through the disposal of key shareholdings

Aker's trouble surfaced after

two years of expansion, when

the bottom all but fell out of

Norway's oil-driven economy

which has suffered since the collapse of world crude oil

This caused stagnation in Aker's domestic market at a time when Mr Heiberg had

counted on continued growth in sales to finance his earlier

Mr Heiberg is a strong advo-

cate of Norwegian membership in the EC and has sought to

prices in 1986.

spending spree.

Aker president to step down

No indication was given of

holding in Acec division

has less to do with dealing eth-ics than with the question of whather the state financial institution has abused its sta-tus to back a private investor and in the process destabilise

and in the process destabilise
the management of one of
france's leading banks.
Mr Lion defends his group's
position in the SocGen battle,
comparing it to its decision
last year to back Schneider in
its takeover bid for the industrial controls manufacturer Talemecanique, or to its deci-sion to help Compagnie du Midi fight off the approaches of Generali, Italy's leading

Just because we are a public investor, that does not mean we have to be dormant or frigid. The Caisse des Depots in its interventions should be active, French and fair," Mr Lion says.

For the moment, that means

that he is ready to consider a solution to the SocGen impasse, currently under negotiation between Mr Pebereau and the bank's management, with Mr Jean-Claude Trichet the director of the French Treasury, as arbitrator.

But he wants the views of Mr Pebereau's group of inves-tors to be taken into account by the bank, including board representation; and he is happy with the status quo, if a satisfactory solution is not

Negotiations over the remaining SDT division are

known to have already taken place with Alcatel, the French telecommunications group.

Yesterday's move by the rival

Acec's financial position has been the subject of consider-

able speculation in recent days. It is expected to become

clearer after the company's

EGM next week. La Genérale

said yesterday that "the clouds

around Acec are the result of

losses caused by industrial

repositioning and by the social

nity. It is likely that Aker.will

face further restructuring and rationalisation with Mr Glad at

dismantling Kongsberg Vaa-penfabrikk, Norway's loss-mak-

ing arms maker, and reas-

sembling parts of it which now

show signs of a revival.

Last year Aker forecast that

struction project. In 1984 pre-tax profits reached NKr474m.

costs of restructuring.

dent since last autumn when he announced the radical EC countries in the event Nor-restructuring of the company way does not join the commu-

an effort to force the pace.

## Ministers may block creation of biggest bank in Spain

By Peter Bruce in Madrid THE SPANISH Government is

actively considering blocking or delaying the creation of the country's biggest bank, Banco Espanol Central de Credito (BECC). – the merger of Banco Central and Banco Central and Banco Fernand de Central and Banco Espanol de Credito (Banesto) - because of chronic boardroom infighting at Banesto.

Mr Mariano Enbio, governor of the Bank of Spain, held sep-arate meetings earlier this week with the chairmen of Cantral and Banesto, Mr Alfonso Escamez and Mr Mario Conde respectively, and Mr Alberto Cortina and his cousin Mr Alberto Alcocer, who would be BECC's biggest sharehold-ers, to warn them to patch up

ers, to warm them to part the serious differences or the entire merger could fail. The central bank is due to pass a report on the merger's progress to the Finance Ministry soon. On the basis of this report the Ministry will decide whether or not to allow the transfer of 95 per cent of both banks assets to a new holding company to occur free of a 6 per cent capital gains tax. The amounts involved are so large that if the Ministry refuses to allow the tax break, the merger will certainly fail.

Mr Rubio's pep talk was a long time coming. The merger, which was to take place over three years, has been dogged by personality clashes and ill luck since it was announced last May. If the merger does go ahead, BECC will rank about 30th in Europe by assets - some Pta5,400bn (\$46bn) worth - but it will be a marriage of second bests. Both banks are overstaffed and indifferently managed, say analysts, and the better matches would have been with Banco de Bilbao or Banco de Vizcaya. Rilhao, in fact, tried in vain to take over Banesto at the end of 1987.

Bilboa and Vizcaya have since merged and are the com-try's biggest bank for the moment. But it was Bilbao's falled takeover that began the whole BECC story. Mr Conde and his aristocratic partner, Mr Juan Abello, had sold their pharmaceuticals company in 1987 and used the proceeds to become the largest shareholders in Banesto. After Bilbao's takeover bid, a shaken Banesto board invited Mr Conde to Meanwhile, the Knwaiti

Investment Office (KIO) had firework is now in real danger teamed up with Mr Cortina and Mr Alcocer (known as Los a long, pathetic, hiss. Albertos) in a venture called Cartera Central (central portfolio) and had taken 13 per cent of Banco Central to become its biggest shareholders. Mr Escamez, 73, had been

Mr Glad was instrumental in with the bank for decades and took fright. He found succour in Mr Conde, just 40, at Banesto, who agreed to the merger with Banco Central because he would become chairman of the new bank for 1988 pre-tax profits would hit NKr500m (\$74m). However a downward adjustment to between NKr100m and NKr150m has been made because of a NKr350m write-off on an offshore platform con-

when Mr Escamez retires.

Los Albertos vociferously opposed the merger, as their holding with KIO in Central would shrink in the merged bank. Having failed to stop it, they began buying Banesto stock and now own nearly 3

per cent, which would give them about 7 per cent of the merged bank.
Mr Conde, meanwhile, was

having a very public appren-ticeship as a banker. One of his ticeship as a banker. One of his first acts was to spend up to Plaicon buying back control last spring of five portfolio companies controlled by Banesto but through which a hoetile buyer could have bought access to a considerable holding in Banesto itself.

This was urobably not a seri-

This was probably not a seri-ous possibility and the huge amount he spent irritated his old business partner, Mr

UNION Explosivos Rio Tinto, Spain's biggest chemicals com-pany in which the Knwait investment Office has a big indirect stake, yesterday reported pre-tax profits of Pta5.2bn (\$44.7m) for 1988, a 144 per cent increase over 1987 but due largely to extraordinary income of close to Ptalobn following a debt relief pact with its creditor banks in September.

Abello, by then a Banesto vice president. Towards the end of the summer, Mr Abello publicity split his and Mr Conde's joint holding of about 5 per cent in Banesto to manage his part - the lion's share - on

his own. Los Albertos compounded Mr Conde's angst by hiring Mr Miguel Boyer, the brilliant for-mer Finance Minister, to run their investments in Central and Banesto, making him chairman of Cartera Central Although a spokesman for Los Albertos denied yesterday they were trying to get rid of Mr Conde and position Mr Boyer as a future president of BECC, they have nevertheless given the handsome young Banesto

chairman a very rough time. Last month Cartera Central's five representatives on the Banesto board refused to approve the 1938 results presented to it by Mr Conde, in a row over accounting practice.

Even if the Government does not take extreme action and not take extreme action and stop the merger, it may ask for it to be delayed until tempers have cooled. Whatever hap-pens, none of the great hopes both banks had of merging their huge industrial interests as well have come to fruition and Spanish banking's big 1992 of toppling to the ground with

Grindleys Eurofinance B.V.

ed Floating Rate Notes 1994

Grindlays Bank plc In accordance with the provisions of the Notes, notice is hereby given that for the interest period 3 FEBRUARY 1969 to 3 AUGUST 1989 the Notes in the State of the Notes in the Indiana. 1989 the Notes will bear an Interest rate of 9.625% per

1. 22.

- C.

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The interest payable on the relevant interest Payment Date 3 AUGUST 1989 against Coupon No. 11 will be U.S.\$483.92.

AMZ McCaughan

## Frantschach AG

has acquired a majority of

Neusiedler AG

from

January, 1989

Constantia Industrieholding AG

We acted as financial adviser to Frantschach AG in this transaction.

Goldman Sachs International Limited

Goldman Sachs

## INTERNATIONAL APPOINTMENTS Former US Secretary of State rejoins General Motors board

MR GEORGE Shultz, former Secretary of State, and Mr Thomas Everhart, president of the California Institute of Technology, have been elected writes Robert Gibbens in Monto the hoard of directors of General Motors, the world's largest automotive group.

Mr Shultz, 68, previously joined the GM board in 1981 when he was president of Bechtel, the large San Francisco-based engineering, construc-tion and management services company. He resigned from GM a year later to become Sec-

retary of State.
Mr Everhart, 56, became president of Cal Tech in 1987. Before that, he held several positions in engineering instruction and college admin-

istration.

N A further move, General Motors has appointed Mr Robert J. Schultz an executive vice president and head of its Electronic Data Systems and GM Hughee Electronics subsidiaries. He will also be responsible for the GM Technical Staffs group and GM Corporate Information Management.

He replaces in the above duties Mr Donald Atwood, a GM vice chairman who has been nominated by President George Bush as Deputy Secre-tary of the US Department of Defence. Mr Schultz previously served

as vice president and group executive in charge of the Chevrolet-Pontiac-GM of Canada division. His successor is Mr Michael Mutchler, formerly vice president in charge of the GM Truck and Bus unit.

\* \* \* \*
MR ROBERT Macintosh, 66, will retire this October as president of the Canadian Bankers'

He will be succeeded by Ms Helen Sinclair, 37, a senior vice president of government affairs with the Bank of Nova Scotia. She said that her first task will be to smooth ont any banks' frayed relations with

Ottawa and improve their image with the public.

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\*\*ALLIED IRISH Banks, one of the two leading hanks in Ireland, appointed Mr Peter Sutherland to its board of directors. directors.

Mr Sntherland, a distinguished lawyer and former Attorney General of Ireland, has completed a term of office as Commissioner of the Euro-pean Communities with responsibility for competition and relations with the European Parliament.

He was the youngest ever lawyer to take silk at the Irish Bar, is a Barrister-at-Law in England, and an Attorney at Law, New York Bar. He was recently awarded the European Law Prize of the French Foundation of Liberty for his contribution to European Law.

\*\*\*
PHILIP MORRIS, the US

tobacco, food and drinks conglomerate which is the world's largest producer of packaged consumer goods, has appointed Mr Frank Resnik, 60, chairman of the Philip Morris USA division from February 1.

The post had been vacant since 1984, when Mr Hugh Cullman became vice chairman of the parent company.

Mr Resnik's previous posi-tions at the division of presi-dent and chief executive officer have been filled by Mr Ehud Houminer, 48, formerly senior vice president, planning, for the Philip Morris group.

BANK OF New York has named Mr Samuel Chevaller vice chairman. He is the presi-dent of Irving Bank, recently acquired by Bank of New York after a takeover battle lasting

more than a year.

Mr Chevalier joined Irving in 1960 and served in several lending, credit policy and senior management positions prior to becoming president in 1984.

MORGAN STANLEY, the blue chip US investment bank, has elected Mr Robert Greenhill to the newly created position of vice chairman. Mr Greenhill, who remains

director of the firm's invest-ment banking division, has served as a member of the board since Morgan Stanley went public in 1986.

ROBERT FLEMING, the pri-vately owned UK-based merchant banking and investment group, named Mr Christopher Murphy group manager, inter-national private banking. Mr Murphy, 43, will be situ-ated in the firm's Zurich office

and his task will be to develop the international private client management activities of the

Fleming group.

Having joined Citicorp, of the US, in 1976, he was most recently with its private banking group in Switzerland, as manager of investment services, EMEA division.

## **PAN-HOLDING**

SOCIETE ANONYME LUXEMBOURG

As of January 31, 1989, the unconsolidated net asset valua was USDOL 286,968,787.56 l.e. USDOL 466.62 per ehare of USDOL 100 par value.

The consolidated net asset value per chare amounted, as of January 31, 1989, to USDOL 474.48.

SABRE V LIMITED US\$185,000,000 Floating Rate Secured Notes Due 1992 Notes Due 1982
For the 6 months period 7th
February, 1989 to 7th August,
1989 the Notes bear the
interest rate at 91½6% per
currum, US\$4,870.66 will be
payable from 7th August,
1989 per US\$100,000
principal amount of Notes. Yamaichi International (Europe) Limited, Agent Bank

AGHTER LIMITED U.S.\$00,000,000 ed Floating Pate Notes due 199 Interest Rate 9.99% p.s. Interest Period February 9, 1989 to August 9, 1988. Interest Payable per US\$100,000 Note

February 8, 1989, London By Calbaric, N.A., ICSSI Dept.), Agest Ber

## INTERNATIONAL CAPITAL MARKETS

## Smooth auction helps |OTC derivatives take up the running in equities underpin Treasuries

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds traded modestly higher yesterday morning in advance of the 10year auction, partly because of strong demand at Tuesday's three-year sale and estimates that foreign investors may have taken as much as 40 per

FEBRUARY,

100

cent of that issue. At midsession the Treasury's At midsession the Treasury's benchmark long bond was quoted a point higher for a yield of 8.76 per cent. The yield curve remained inverted with the equivalent bond yield on the threatment at instrument. the three-month at just under 8.80 per cent.

#### GOVERNMENT BONDS

Primary dealers reckoned that Japanese investors had taken out about 30 per cent of the three-year auction. There was additional interest from

European investors.
The size of the participation by Tokyo was notable because of the short maturity, which is not traditionally the area most interesting to Japanese inves-

The market is still trying to determine whether the US Federal Reserve has initiated another tightening move. The Fed followed up announcements of matched sales on both Monday and Tuesday by not operating in the market yesterday, where Fed Funds traded at 9% per cent.

IN EARLY trading, the Canadian market advanced firmly, mainly with an eye to the US.

8.875

CANADA "

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1.17.70.22

3.7

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37 45

 $\mathbb{R}_{M, P_{\mathcal{F}_{\mathcal{F}}}}$ 

FT-SE 100 SHARE INDEXA.

Tuesday's auction represented the first time the authorities have used this method (rather than a traditional fixed price) for official funding at the long end of the yield curve.

It was thus a cautious C1450m that was launched on the market. But the paper was well received, particularly as it constituted a further tranche of the benchmark, the 10 per cent of 2008. The auction brings the total outstandings in the benchmark to C\$2.92bn.

GERMANY is booked on the fortunes of the dollar at present, and signs of stability yesterday morning helped government bonds at the fixing by up to 15 plennigs. But short rates remain under pressure, so that the Bundesbank's average yield on public paper stands at 6.74 per cent, its highest level

for more than a year. The 28-day repurchase agreement was allocated at rates between 5.70 and 5.96 per cent. Last time, the highest rates had touched 6.1 per cent.

BENCHMARK GOVERNMENT BONDS

GERMANY 6.375 11/98 97.3500 +8.125 6.78 8.77 6.68

NETHERLANDS 6,7500 10/98 99.0750 -0,050 -6.96 6.87 6.78

AUSTRALIA 72,000 7/99 90.5885 -0.588 13,71 13,40 12.85

Yields: Local market standard Prices: US, UK in Sende, others in decimal Technical Data/ATLAS Price Sources

UK gilt-edged securities advanced about % point on the day at the long end, and roughly 4 point in the shorts, largely following the US cue but also underpinned hy a

firmer pound.
The benchmark Treasury issue dns 2003-07 ended at 118%, exactly % a point up from yesterday'a close. The main buyer is still not retail investors, but rather the Bank of England.

109-23 +11/32 10.21 10.40 19.85 100-18 +18/32 9.85 9.82 10.31 100-31 +29/32 8.89 9.05 9.28

the product of the section of the se

11/96 98-20 +8/32 8.83 9.00 9.22 11/18 102-12 +10/32 8.77 8.84 9.04

10.250 12/98 101.6250 +0.625 8.98 10.96 10.31

6/98 97.7918 -0.094 4.95 4.87 4.78 3/07 107.9999 -0.628 -4.87 4.77 4.75

Katharine Campbell on the quest by investors for increasingly sophisticated futures instruments

1988

FT-SE index can be purchased

offering broad protection for a Japanese or UK equities portfo-

lio over one or more years.

The most public face of the business has been in offerings

of long-term warrants based on stock indices, and Eurobond

issues tied to the value of an

index. The Japanese have been especially active in this field.

Last week both Salomon and J.P. Morgan launched warrants on the Nikkei 225. The Morgan

deal consisted of two-year puts (giving the purchaser the right

to exercise the warrants at any

time over the period if the

index falls a certain amount)

with Morgan hedging itself

against a complete collapse in the Japanese index by limiting

the payout on the warrants to the first 50 per cent drop in the

The Salomon deal consisted

89

FT-A World Index

In \$ terms (Dec 31,86 = 100)

130

120

n the cycle of feast and options on domestic stocks in famine that characterises May, and on a stock index more recently. a year of slim pickings for straight equity brokerage business. Developments in equity derivatives, on the other hand, continued apace as confidence, dented after the 1987 stock

market crash, returned. And while the world's futures and options exchanges have not been resting on their laurels in this department, some of the more exciting developments have been in over-the-counter (OTC) deals. This is no accident, as they lie at the most lucrative end of the

at the most lucrative end of the business — at least from brokers' point of view.

The immediate effect of the crash was to dent stock exchange activity dramatically. In the Chicago Mercantile Exchange's S&P 500 stock index pit, home to what was once the world's most actively traded futures contract business. traded futures contract; business declined 41 per cent last year compared with 1987. Other exchanges tell a similar

Only now is confidence returning - the London Traded Options Market, badly hit by the market collapse, has recently been recording post-

But a period of quiescence did not choke off new exchange ventures. In September the Japanese burst into the stock index futures scene with both the Osaka's Nikkei 225 stock index future and the Tokyo stock exchange's Topix (Tokyo stock price index). In the more modest Swiss market, the fully antomated Swiss

Meanwhile, new exchanges

are planned, notably the Deutsche Terminborse, scheduled to open in January 1990. This will offer, among other things, equity options. And there is a veritable forest of novel equity index instruments mooted by US exchanges.
None of these developments

pay brokers' salaries, however. Inclement conditions for both equity and equity derivatives broking with thin volumes and pared commissions have spurred the search for breadwinning tailored OTC prod-

A recent study hy James Capel, the London stockbroker, concludes that most future derivatives growth will be OTC rather than exchange based. The report contends that "reg-ular options listed (on ular options listed (on exchanges) do not fulfil the demands of increasingly sophisticated investors." Mr Quintin Price, hesd of options research at Capel, adds: "If we had offered prod-ucts based on the Nikkei index

months ago, we would have got short shrift. That is chang-Techniques familiar in the more mature field of currency and debt derivative products are now heginning to be applied to the world of equi-

to a UK pension fund 18

Much of the growth has been in options of longer maturities than are available on exchanges, Long-term currency options have been available for Options and Financial Futures some while. Now options on, Exchange began trading say, the Nikkei 225 or the out-of-the money, which means that the payout is calculated from a point 2.5 per ceot below the current level of the index.

Bankers Trust has concocted several similar deals in the past year or so. Two are no longer extant because they carried a so-called "over the top" feature, which meant that if (as indeed happened) the Japanese market performed particularly well, the puts were rendered worthless.

One or two issues have been linked to other indices, notably a series of both put and call warrants on the FT-SE index. The snag with many of these offerings has been price. The over-the-top warrants were structured to cut down on premium, hut that did little to comfort investors when their paper did indeed glide over the top. Calls, which allow the investor to benefit from a rising market, have been particu-

larly richly priced. The best deals to date have come courtesy of the Euromar-kets, in the form of cheap puts sold by bullish Japanese investors to the more sceptical Euro-

Typically a Japanese house hrings a Eurobond issue where the redemption value is tied to index. The option element is then stripped out and sold on. The pricing works because, if the seller of a put (the pur-chaser of the bond) helieves the Japanese market will con-tinue relentlessly upwards, he will regard any premium he takes in as a bonus. The put purchaser thus ohtains very chesp downside protection. These deals, however, are

much bigger, and growing, col-lection of privately structured packages, tailored to individual investor requirements.

Mr Tony Iliya, of Bankers Trust in London, says: "We speak most frequently to asset allocators who are not just selling premium, but are taking a long-term strategic point of view." An OTC package can accommodate unusual strike prices and time frames to suit the particular requirements of

the portfolio concerned. Some of the more exotic types of options are being used, such as "look backs," which are hugely expensive, but cater well to ultra-conservative fund managers. Using a look back, the customer effectively chooses, with the henefit of hindsight, the best price over the life of the option and cashes in at that level.

o date most deals have been based on indices and quotes, of varying quality, can be found on most key market indices, as well as on individually defined portfolios. Some London institutions will quote prices on individual stock options (which are not listed on any exchange) as well, which can prove an inter-esting play in potential takeover situations.

It is no wonder the hrokers

are happily promoting this general area. Commissions on a single private placement can represent 10 per cent of an entire year's traded options earnings, according to one house. In the early stages of this market the investor cer-tainly pays a stiff finder's fee. And while growing awaremanagers helps sell these products, too much sophistication is not always welcome.

The more aware fund managers have yet to be convinced of the wonders of these novelties, correctly arguing that they lack the price transpar-ency and liquidity provided by an official exchange. Almost all packages are tricky, and expensive, to unwind before

maturity. It is where there is no listed market, such as in Japan which still lacks an exchange traded index option, that there is the clearest need for the products. At the same time, if an exchange contract exists, vendors can lay off their own risk more efficiently and thus offer better prices, and greater liquidity on the OTC wares.

As more houses enter the business, increasing competition has certainly helped nar-row prices a bit. But huge discrepancies persist. For example, on spreads which allow the investor to purchase the Japanese index at 32,000 and sell it at 34,000 the price (premium) will range from 850 index points or so up to 1.300. While the exchanges see some opportunities in this

nascent market, many of these instruments are not susceptihle to listing.
The European Options

Exchange is alone in offering long-term options - in this case three, four and five-year options on five Dutch stocks, including Royal Dutch and Philips From small beginnings, open

interest (contracts outstand-ing) had climbed to 212,465 lots between the five stocks at the

## Dominguez Barry in A\$261m MBO fund

By Chris Sherwell in Sydney

DOMINGUEZ Barry Sampel Montagu, the Australian investment banking arm of Midland Montagu of the UK, yesterday launched a A\$281m (US\$233m) fund to back local management buy-outs (MBOs). The fund, Australia's largest, is for investment in the "mez-zamine" or subordinated debt component of MBOs. Together with A\$55m raised last year for equity finance, it means the bank can back buy-outs worth

said: This is a watershed for the bank and for MBO activity in Australia. The mezzanine component of an MBO is the most difficult to structure.
"Company managers can

now contemplate buy-out transactions previously deemed too difficult because of

The fund has attracted 13 investors, including the AMP Society, the State Government Insurance Commission of Sonth Australia, FAI Insurtion Fund, Bankers Trust Australia, Bank of New Zealand and Banque Bruxelles Lam-

Dominguez Barry, which has invested 15 per cent of its own money in each of the equity and mezzanine funds, rejects suggestions that it is providing a form of junk bond financing, pointing out that investors are not receiving a tradeable secu-

rity.

Of its approach to MBOs, it says it is not looking for a portfolio of investments but will

judge each proposal on its merits. If a particular proposal is too large, it is prepared to co-ordinate with other "packa-

merely the public face of a

The bank has been responsible for seven of the 11 MBOs completed in Australia since

It is currently working on another three worth more than A\$300m. The seven deals emerged from reviews of more than 220 investment proposals, and were worth a total of

#### Canadian brokers to link

By Robert Gibbens in Montreal

A SEVERE drop in underwriting business and stock trading volume since the October 1987 crash has forced the two largest Québec-based brokerage firms to merge.

National Bank of Canada is linking Levesque Beanbien, which it acquired last spring, with Geoffrion Leclerc in a cash and share exchange worth C\$21m (US\$17.7m). The new company will be called Levesque Beaubien Geoffrion, The firms have been rivals for many years and were

highly profitable before the crash. Although Levesque has already been streamlined, the merger with Geoffrion is almost certain to hring further job losses. Together, the firms now employ nearly 1,500.

The new company will be 67 per cent controlled by National Bank, 5.4 per cent by Laurentian Group, 8.6 per cent by Banque Indosnez and 24 per cent by employees. As well as offices in Canada, it will continue to operate units in London, Zurich and Geneva.

#### Mr Stephen Higgs, a director, ances, the BHP Superannua-

#### FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, ... the Institute of Actuaries and the Faculty of Actuaries (approx) Ter. Feb. EQUITY GROUPS Wednesday February 8 1989 & SUB-SECTIONS Gross Dhr. Yield % (Act at (25%) nd adj. 1989 to date Figures in parentheses show number of Day's Change % stocks per section 1.87 416.21 903.55 913.25 714.80 0.26 1136.15 1126.80 1144.07 933.47 0.88 1686.18 1677.48 1688.00 1438.77 0.80 2665.78 2628.51 2638.49 1986.68 7.19 2665.78 2628.51 2638.49 1986.68 312.62 365.92 369.74 265.63 371.17 0.80 122.20 1521.18 1533.27 222.30 0.87 11393.18 1172.38 1185.27 1904.50 0.87 11393.18 1172.38 1185.27 1904.50 0.87 11393.18 1172.38 1185.27 1904.50 0.87 11393.18 1172.38 1185.27 1904.50 0.87 11393.18 1172.38 1185.27 1904.50 0.87 11393.18 1372.38 1185.27 1904.50 0.87 1393.18 1372.38 1185.27 1904.50 0.87 1393.18 1372.38 1185.27 1904.50 0.87 1393.28 263.68 1284.39 1285.79 1772.36 0.20 1285.17 578.47 5795.78 479.51 338 3374.14 3734.85 3627.77 3319.33 1394.30 0.52 1293.87 789.92 799.78 789.51 0.00 1232.85 1291.44 1847.35 856.47 0.00 1232.85 1291.44 1247.35 1046.80 0.23 1299.69 1394.92 1445.79 1155.15 0.00 1235.85 1291.44 1213.23 1046.80 0.23 1299.69 1394.92 1445.79 1155.15 0.00 1235.85 1291.44 1213.23 1046.80 0.23 1299.69 1394.92 1445.79 1155.15 0.00 1275.77 258.22 2246.68 1787.42 0.00 1177.79 1194.81 1132.84 935.10 0.62 1455.73 1428.43 1448.66 1134.66 0.76 1109.18 1083.31 1199.66 899.87 +1.2 : 10.11 3.05 +1.4 11.06 3.96 +0.8 11.65 3.59 . 12.13 1.09 416.21 903.55 -913.25 714.00 1 CAPITAL GOODS (298) 727.13 11.19 1700.29 8.10 8.98 9.64 14.66 10.29 2673.16 2086.34 494.56 523.42 14.49 14.48 12.63 #0.7 8.10 #1.1 8.70 #0.9 9.64 #0.4 14.66 #1.6 10.29 #1.9 8.75 #0.8 8.55 #0.6 9.42 #0.6 8.57 #0.7 10.54 #1.1 6.12 #0.7 10.54 #1.1 6.12 #0.7 10.54 #1.1 8.12 #0.7 10.54 #1.1 8.12 #0.7 10.55 #1.1 9.94 #1.2 8.51 #1.3 9.94 #1.2 8.51 #1.5 8.55 #1.5 8.55 #1.5 8.55 #1.5 8.55 #1.5 8.55 #1.5 8.55 #1.5 8.55 4.22 3.14 3.86 5.63 4.16 4.01 3.43 3.34 2.38 3.37 4.01 4.28 5.34 4.28 4.29 4.29 3.58 4.27 4.89 3.58 4.27 Electronics (30) ...... Mechanical Engineering (55) . . . . Metals and Metal Forming (7) . 9 Motors (17). 10 Other Industrial Materials (22). 21 CONSUMER GROUP (186). 22 Brewers and Oistillers (22). 25 Food Manufacturing (21). 317.73 13.52 14.49 12.72 1296.99 1069.06 14:44 15:24 14:70 14:47 13:54 15:43 12:48 9:17 12:28 14:82 11:61 26 Food Retailing (15)... 2191.11 27 Health and Household (13) ..... 27 Lefture (33) ..... 31 Packaging & Paper (17) ..... 32 Publishing & Printing (18) ..... 2189 17 1578.66 667.36 3916.24 34 Stores (33). 533.62 41 Agencies (18) ... 42 Chemicals (22) . 1234.25 2329.29 1477.60 1111.40 +1.0 9.41 3.75 13.13 0.76 1109.18 1083.31 1894.66 897.87 1794.06 +8.4 9.48 5.71 13.58 0.00 1537.14 1926.18 1952.46 1752.21 49 INCUSTRIAL GROUP (487) ... 51 Oil & Gas (13)..... 59 500 SHARE INDEX (500) 61 FINANCIAL GROUP (126). 62 Banks (8) 65 Insurance (Composite) (7) 65 Insurance (Composite) (7) 67 Insurance (Brokers) (7) +2.3 +8.9 +3.3 0.67 1071.31 1043.31 1169.70 831.66 0.00 671.05 645.76 669.38 394.42 15.65 1374.33 1358.36 1372.54 1809.58 2.82 3.89 12.34 4.70 13.17 1419.54 1982-84 +1.1 - 4.85 - 0.72 1970.79 1856.93 1167.88 881.19 Feb 6 Feb · 3

	FIX	ED I	NTE	RES		· -		AVERAGE GROSS REDEMPTION YIELDS	Wed Feb 8	Tue Feb 7	Year ago (agorox
	PRICE INDICES	Wed Feb 8	Day's change %	Toe Feb 7	zd adj. today	xd adj. 1989 to date	įā	British Government Low 5 years Company 15 years	8.76 8.78 8.74	8.97 8.83 8.78	9.81 9.38 9.27
1	British Coverament 5 years	119.72	+0.22	119.46		1.26	5	Medium 5 years	9.96	18.06 9.22 8.94	9.57 9.59 9.43
2		137.79 152.31		137.13 151.43	-	1.52 8.25	7	Cospors 15 years	10.13 9.41 9.84	9.48 9.69	9.67 9.74 9.46
4		175.06 135.04		174.57 134.49	<u>-</u> .	1.29	10	25 years	9.04 8.76	8.78	9.35
6	Index-Linked	132.15		131.76	-	0.00		Infex-Linkel Inflation rate 5% 5yrs. Inflation rate 5% Over 5 yrs.	3.46 3.55 2.64	3.56 3.57 2.73	2.49 3.87 1.58
		131.42 131.34		130.86 130.79		0.58	14	Inflation rate 16% 5 yrs. Inflation rate 10% Over 5 yrs	3.39	3.41 11.60	3.71
9	Petropres & Loren	118.35	+0.08	118.25	1.	8.62	===	Leas & 5 years	11.20	11.20	10.95
0	Preference	89-82	+0.44	89.43	-	6.17		Proference	10.04	10.09	10.50

## RISES AND FALLS YESTERDAY British Funds Corporations, Dorniplen and Foreign Bonds Industrials 2148 21 0 33 41 Totals LONDON RECENT ISSUES

**LONDON MARKET STATISTICS** 

tore Pair		Lates	196	847	Sunt	Coultry	+ 15	Bet O'r.	Toro	Gran	PE
Price		4	iligh.	\$	-	Price	1	Or.	0071	Yield	Resi
t	F.P. F.P.	•	413	355 45 203	CLFYIOFET	413	15	13.08 13.08	4.6	25	13.
46	F.P.	-:	138 SE 13	.45	Carrier Stretters 100	41575144 1134 488 728 1178 1148 1178 1178 1178		13.08 R7.2	20	7.7	B.
32	1	25/1	327	166	Company March 30	317	+2	81.0	2/	끒	100
多元四次	I F.P.		138	话	Compass Erroup Sp	136	+3	M.75	2.8	67	10.
947	100	l -i	49	47	(Maiara Group 10e	48	1 -	B2.0	37	5.6	6.
P-		-	250	230	MFC Yar. Vis. 50	258	17	47.0	2.8	3.7	18.
	11		130	28 13	Poddington 50	.27		10.0		4.9	
140	10.	30/1	178	141	Secure Trest 10	178	1+7	W7 09	23	33	10
149	F.P.	30/1	148 £191	143	#Shariff Holdings Sp	148	"	W7.09 15.25	14 24 75	4.7	11
	E.F.	-	£19}	£163	Sumitamo Bank Y50	277g	+2	915%	7.5	0.02	70.
62 185			203	100	Sumitante Bank Y50 2-Tores Hire 10p Wood (Graham)	202	١, ١	R7.7	1.9 2.6	43 51	17
	1.01			_					-		
			_FI)	(Er	INTEREST S	TOC	<u> KS</u>	<u> </u>			
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Price	Pale	Report	-	-woles	Strick	Price	+ 0	
£	100	Date	High	Low	1	E	1 -	
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lsour Price	Amount,	Lates.		GHT:	S OFFERS	Closting Price	+ 0	
P		Date	High	Low		P	•	
120	美四美	粥	27pm 162pm 125pm	30m 67pm 101pm	Chillington Corporation ERF Holdings HFC Var. Yvg. Sp	27pm 150um 126pm	444	

- a Assessified Shirkesd to Pipores based on prospectus estimates. It Dhickesd rate paid or surpable on part of supital, a forest based on Shirkesd on the capital of Assessed divisions and yields capital or prospectus or estimates assessing divisions rate, cover based on prospectus or estimated assessing divisions rate, cover based on prospectus or annual state divisions capital or prospectus or prospectus or of prospectus or other official estimates for 1905. It believes an applicable based on prospectus or other official estimates for 1905. It consists of the official estimates for 1905. It consists the prospectus of the official estimates for 1905. It consists for the official estimates in the official estimates with the prospectus of the official estimates. We pro form figures, a based by consection with everygadiscious energy or capital in the other consection with everygadiscious energy or capital in the other capital estimates of the other capital estimates. The other capital estimates of the other capital estimates. TRADITIONAL OPTIONS

Tranwood, Brit & Common, Alba, Eurotumei Wrnts, Unto Guaran-tee Beckenham Grp, Dares Est, Tuskar Res, Blacks Leis, Ferga-● First Dealings ● Last Dealings ● Last Decisrations For settlement trook, Ex Co Louis, Magnet, Jag-uar, Amber Day, Control Secs, FKI, Amstrad, Next. Put Eurotun-London Share Service Calls in Eagle Trat, Oliver Res, Londo Fin & inv, Willis Faber, nel Wrnts, and Units. P/c Reca

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#### LONDON TRADED OPTIONS

BUSY DEALINGS in treded options in London yesterday lea-tured considerable treding in tursd considerable treding in stocks as widely diversified as GEC, British Petroleum and TSB. There was also substantial business in the FT-SE 100 Index, which on the underlying market was up 23.4 points on the day to 2,096.2, heving reached post Crash highs of over 2,100 during the day.

Apr Jul Oct Apr Jul Oct Option

the day.

Overall turnover amounted to made up of 53,514 contracts, made up of 39,570 calle end 13,845 puts. findex trading eccounted for 11,151 contracts, lying in 6,084 calf contracts and 5,067 put. The index itself continued to gain sup-port from the premium it com-

manded on the London Interns-tionel Financial Futures The most heavily traded

options series in the index were the February 2,100 calls, which attracted 1,398 contracts, weighing towards the closing of posi-tion, and the Februery 2,150 calls, which found business of 1,911, weighted towards opening. Thers was little net change in

opening interest in the index calls, less than 100 contracts on the early count to 38,541.

On the put side, however, there was en expansion of 1,304 to 53,519. The most heavily traded of the put index series was the Feb-ruery 2,050, business in which

ness in it was seen in the April 200 and 220 calls, the first series linding 1,203 contracts and the second 1,659, lergely opening. By caught the eye on the put side, on caught the eye on the put side, on which there were 2,765 contracts traded, and substantial opening of interest, of 1,797 contracts to 24,758. The October 240 puts alone ettracted 1,000 contracts. TSB turnover came to 2,687 calls and 210 puts, as closing was seen, partly in the 1,300 contracts the April 120s.

contracts in it rising 199 contracts

GEC ettracted 3,883 contracts, comprising 3,853 calls and only 30 puts. Most of the options busi-

CALLS PUTS
Apr Jul Oct Apr Jul Oct Option CALLS PUTS War Jun Sep Mar Jon Sep

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Alid Lyons (*482 )	460 500	37 15	50 29	40	7 25	33	20 38	C312 )	294 500 330	32	45	55 40	12	25	29	Blue Circle (*500 )	420 460 500		92 58 34	104 72 46	2 4 28	15 28	9 18 40
Brit. Almeans (*201 )	160 180 200	46 28 12	49 31 19	双路	1½ 3	3 6 14	8 17	Woolworth (*287 )	260 290 300	- 22	31	52 38 27	6 11 21	8 15 24	20	British Gas (*185 )	160 180 200	10	33 17	35 20 91 <sub>2</sub>	3 15	14 51 <sub>2</sub> 16	3 8 28
Brit Cam (*241 )	220 240 260	15	34 21 15	30	10	15 27	8 17 28	Option		Apr	Adq	Nov	Age	Ang	Nev	Dhons (*162.)	160 180	11 ½ 5½	20 12	25 17	8	111. 24	15
Books (*265 )	220 240 260	51 32 16	55 40 24	9	15	4 8	6 12 18	GEC (*228 J	200 220 240	-	45 31 20	38	16	12 25	-	61230 (*1288)	1200 1250 1300	78	160 120 97	203 170 140	12 25 47	2845	38 55 75
B.P. (*275)					6		10½ 21	R. Royce (*162 )	160	1112	14 61 <sub>2</sub>	20 10	75 ZI	Jos 10 22	11 23	Hawker Sidd. (*642 )	550 600 650	105 61 28	116 75 44	131 96 67	10 26	8 20 42	15 27 48
British Steel (*79)		20½ 11¼ 4¼	22 ½ 13 ½ 64	25 184 84	12 412	3 ½	41 <sub>2</sub> 81 <sub>4</sub>	TS8 (*133.)	118 120	24 14	26	26 18	٠,	312	1).	Hillsdown (*291.)	260 280 300	_	45 28	49	2 5½	5	7 12
(*941_)	950 950 950	112 72 30	140 102 70	175 132 100	13 30	9 20 37	13 25 42	Option	420	7½ 5±	Apr	12 Jul	Feb	7 Apr	Jul	Lourho (*351 )	330 360 390	32 16 6	52 33 22	62 44 32	5 22 44	15 29 46	23 38 57
C & Wire (*439 )	390 420	63 40	77 32 28	87 65	3	8 14	10	(*530 )	460 500	73 36		128 92 58	212	212	3 7 24	Midland Bk (*476 )	420 460	60	64	73 43	2	.5 17	8 22
	460 1400 1450	15 105 75	140 116	43 155 135	30 50 75	37 60 80	80 100	Brit Aero (*542.)	460 500	86 50	95 58	104 76	Feb.	#13y 7 14	12 21	Sears (*125 )	120 130	10½ 5	14 10	19 13	5		9 14½
Courtainide (*314.)	1500 285	45	54	59 45	100 3 5	9	12 22	BAA	550 300	12 25	32 35	49	16	34 7 20	43	THF (*282 )	240 260 280	42 221 <sub>2</sub> 9	49 32 20	57 40 29	4½ 13	31 <sub>0</sub>	412 10 18
Com. Velon	300 330 360	14	40 22 51	22	22	33	35	(*319 ) BA7 leds (*569 )	500 550	4½ 71 25	16 82 42	24 91 56	16 1 41 <sub>2</sub>	7 22	26 10 26	Thora EMI (*718 )	700 750	40 14	40 31	75 45	15 45	28 50	34 57
(*398 )	390 420	18	31 18	37 25	17 37	21 38	26 44	Brit. Telecom (*281 )	260 280	25 8	35 19	41 25	1	12	7 15	Wellcome (*509 I Option	468 500	60 28 Mar	77 50 Jun	92 65 Oct	15 Mar	23 28	14 28 <b>0</b> ct
G.K.N. 17368 )	330 360	47 25	56 37	60 42	15	10 19	14 25 .	Cadbury Sch (*569.)	360 390	12½ 2½	28 16	42 24	3½ 23	1 <u>8</u>	24 39	Beecham (*585 )	550 600	53 23	75 45	92 63	28	18 37	22 12
Grand Met. (*530 )	493 500 542	41 12	59	70	7 28	14	10	Guinnets (*397 )	330 360 390	70 40 14	76 50 26	84 55 36	11 <sub>2</sub> 3 6	2 5 16	5 9 20	Uniterer (*547 ) Option	500 550	58 19 Mar	70 40 May	90 55 <b>Aug</b>	35 <sub>2</sub> 28 Mar		12 30 <b>Ang</b>
(*1.228)	1100 1150 1200	137 90 50	167 130 100	185 150 117	10 19 37	18 29 45	25 37 52	LASMO (*498.)	460 500 550	40 12 3	67 42 21	85 60	2 13 55	20 33 65	27 45	BTR (*354 J Karson	330 360 140	31 12 46½	32 15 48	45 26 50	14 14	ام 16	10 23
Jagoar (*327 )	290 300 330	54 36 18	64 48 29	71 59 39	4 8 20	5 14 27	12 18 33	P. & O. (*662 )	550 600 650	120 70 25	130 84 42	135 92 55	1½ 2 9	9 25	6 12 27	(°184 ) Texts (°160 )	180 180 140 160	26 ly 9 ly 23 7 ly	29 13½ 26 10	17 30 17	بر 4 12	1 % 2 %	21 <sub>2</sub> 8 6 12
Land Secur	500	115	125		ş	.4	. <del>.</del>	Pilkington (*250 )	240 260	14	26 14	29	3 15	8	12	Cation	180	2	-	-	23 	=	-
(*602	550 600	28	45	100 68	18	12 27	14 30	Plessy (*248 )	220 240 260	30 11	40 23 14	45 30 20	1 3 15	11 20	9 15 24	Esterprise Oil (*536 ) Oction	500 550	58 24 Mar	- May	Ξ	33 Mar	Hay	Ξ
M & S (*178)	140 160 180	43 28	46 28 15	33 20	2 9	4½ 12	6 14	Prodestial (*179 )	140 160 180	40 20 5	43 24 10	45 26 15	1 1 6	1 3 9	11 <sub>2</sub>	Scot. & Hew (*423 ) Outles	420 460	24 11	37 19	A	<u>!9</u> 43	26 45	- - Ann
STC (*334 )	300 330	41 21	50 34	58 42	.5 15	12 22	15 26	Racel (*353 )	300 330	55 27	68 46	74 53	1	,5 11	11 15	(200 9 % 2005 (*102 )	100 102	3# 1½	=	=	ž	Ē	=
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Trafalgar 1°345 )	330 360	27 9	36 20	44 28	7 21	37 14 28	15	Anstrad (°174 )	140 160 180	37 21 12	## 44 29 18	49 36 25	11 5 5 15	5 10 21	6 15 23	2000 126 2050 86 2100 52 2150 30	194 150 111 80 5	167 130 98 72	185 150 115 90	10 21 38 67	15 23 35 80 80	19 30 44 59 88	24 33 40 55 73 97
Utd.Biscolis (*531.)	300 330 340	43 19 9	52 30 18	61 41 26	6 13 34	15 21 40	15 25 41	Barclays (*484 )	420 460 500	70 32 11	72 35 20	80 48 30	2 10 37	5 14 38	7 20 42	February 8 7o Calls 39,570 I FT-SE Index C "Underlying se	tal Co Puts I alls 6	ntract 3.845 884 7	s 53,4	15		~	71
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#### NOTICE OF REDEMPTION BY THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. \$25,000,000 91/2% Debentures due March 15, 1990 Authorized by By-law Number 35 of 1975 Principal Amount Redeemable March 15, 1989 - U.S. \$2,613,000

NOTICE IS HEREBY GIVEN that The Regional Municipality of Ottawa-Carleton will redeem on March 15, 1989 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued

#### U.S. \$1,000 COUPON BEARING DEBENTURES

	7 00000 00135 00104 00108 00701	00202 00212 00221 00228 00224	00230 00232 00233 00235 00239
00241 00245 00250 00257 00259	9 00307 00365 00377 00378 00383	00579 00580 00584 00626 00628	00629 00630 00635 00637 00640
00653 00670 00672 00681 00685	5 00700 00718 00723 00726 00730 7 00001 00002 00003 00905 00910	00736 00741 00748 00751 00754	00759 00762 00765 00764 00798
01046 01048 01057 01058 01064	4 01066 01081 01082 01101 01123 2 01207 01206 01429 01434 01444	01484 01185 01147 01148 01154 01455 01458 01480 01488 01489	01518 01521 01550 01562 01565
01570 01572 01818 01638 01650	0 01651 01652 01687 01741 01742	02210 02221 02280 02248 02246	02250 02257 02272 02277 02281
08198 03204 03211 03227 03230	) 03234 03238 03242 03249 03251	03268 03269 03285 03269 03260	03473 03477 03479 03480 03491
03498 03750 03751 03754 03770	0 03774 03785 03974 03983 03986	03989 04000 04008 04004 04000	04007 04011 04026 04030 04088
A 1000 A 1011 A 1010 A 1010 A 1000	9 0.4393 0.433 <u>9</u> 0.4342 0.4355 0.435	04250 04253 04260 04265 04275 04360 04364 04380 04382 04386	U4300 U4309 U438U U438Z U438S
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ARCTA ARCSC ARCAS ARRES ARREST	7 05720 05723 05748 05787 057 <b>6</b> 5	05789 05790 05794 05799 05807 05937 05940 05944 06954 05955	06811 05832 05833 05840 05855
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07574 07590 07596 07604 07609	9 07615 07633 07634 07645 07659	07660 07667 07669 07677 07685 07791 07799 07805 07818 07820	07686 07692 07693 07695 07704
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08631 08636 08639 08645 08646	08656 08683 08693 08702 08704	08705 08715 08723 08726 08781 08804 08810 08821 08833 08836	08734 08738 08759 08763 08764
08883 08891 08900 08902 08906	08907 08916 08917 08922 08925	08933 08936 08954 08957 08968 09233 09237 09265 09257 09262	08978 08979 08991 09000 09001
09285 09297 09298 09303 09307	7 09320 09321 09329 09330 09331	09338 09342 09350 09352 09365 09496 09497 09512 09515 09519	09375 09408 09416 09428 09427
09555 09558 09561 09562 09566	09574 09580 09592 09599 09603	09611 09624 09637 09640 09642 09781 09782 09804 09807 09809	09646 09647 09648 09650 09653
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16306 16310 16312 16321 16324	16325 16327 16336 16338 16346	16347 16359 16364 16371 16372 17127 17130 17137 17152 17158	16379 16383 16391 16394 16397
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18935 18988 18994 18999 19000	19003 19007 19010 19018 19022	19087 19040 19043 19044 19047 19124 19130 19132 19141 19142	19049 19052 19053 19055 19058
18163 18166 19174 19178 19181 19265 18268 19269 19275 19361	19192 19194 19205 19206 19207 19379 19418 19458 19460 19525	19209 19224 19232 19236 19240 19528 19537 19543 19547 19550	19242 19250 19253 19254 19264 19551 19554 19562 19564 19568
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The above Debentures will be paid upon surrender of the Debentures, accompanied by all interest coupons appertaining thereto maturing after March 15, 1989, at The Bank of Nova Scotia Trust Company of New York, 67 Wall Street, New York, N.Y. 10005, U.S.A., or at the option of the holder, at the main office of The Bank of Nova Scotia, 33 Finsbury Square, London, England, EC2A 1BB and its office in continental Europe at 4 Friedensstrasse, D-6000 Frankfurt am Main, or the Krediethank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg or The Bank of Bermuda, Front Street, Hamilton,

The interest coupons maturing on March 15, 1989 should be detached from the Debentures and cashed before presentation. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after March 15, 1989, the amount of the missing unmatured coupons will be deducted from the principal amount due for payment. All interest on the Debentures so redeemed shall cease to accrue from and after March 15, 1989.

The following Debentu	res previously red	leemed on the dat	es indicated have	not been presente	ed for payment.	
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24611 24662 24697 24747	24620 24676 24699 24765	24621 24679 24709 24768	24628 24683 24727 24771	24632 24684 24731 24775	24637 24692 24739	24644 24696 24742
March 15, 1987 04647	04691	04695	05032	05208	05505	
March 15, 1986 19112						
Dated this 9th day of Fe	bruary 1989.					

J.C. LeBelle, Treasurer

## INTERNATIONAL CAPITAL MARKETS

## **News Corporation issue** meets with strong demand

By Andrew Freeman

THE LAUNCH of a convertible Schweppes. deal split between three tranches was the main feature among Euromarket new issues yesterday. The borrower, Mr Rupert Murdoch's News Corpo-Rupert Murdoch's News Corpo-ration, was seeking cheaper funding costs for the remain-der of its share stake in Pear-son, the UK group which owns the Financial Times.

News Corporation issued a preference share deal last year in US dollars and Swiss francs which refinanced part of its

which refinanced part of its Pearson holding. Yesterday's issue was thought to have covered the rest of the near 19 per

cent stake. The precise structure of the deal, which was launched by Credit Suisse First Boston, has been seen before. For example, last year General Cinema refin-anced its holding in Cadbury

However, traders were impressed by the simultaneous issue of tranches in three different currencies. The total issue was for about £230m, split into two chunks of convertible preference shares

#### INTERNATIONAL BONDS

representing £150m and F1 100m, and a convertible bond issue of DM175m.

Traders reported strong demand for all the paper from a broad range of Continental investors. The sterling issue, for example, was trading at 100% bid, a premium reflecting the indicated coupon of 7%-7% per cent and investors expec-

tation that the paper will track the Pearson share price. The D-Mark issue was quoted by the lead manager at 100% bid. Final terms are due to be set on or before February 15, but there was a strong likelihood that the lead manager would

The deal carries a call option at par after five years and an investor put option at 126 per cent to yield 11% per cent. Like News Corporation's previous convertible issue involving Reuters shares, there is also a cash alternative which means that the borrower keeps wide discretion over the underlying

fix conversion terms at the close of share trading in Lon-don last night.

One trader commented: "This has been bought by long-term holders."

NEW INTERNATIONAL BOND ISSUES									
Borrower US DOLLARS	Amount m.	Coupon %	Price	Makerity	Pess	Book renner			
Bank of Greece(a)+	. 250	25bp '	100	1990	65/30bg	Bankers Trust Int.			
Nichii Co.	500	(422)	100	1993	2/112	Nomura Int.			
Banco di Napoli (HK)(b) • Issue increased:	50	101	102	1900	2/14	Sumitomo Trust Int.			
EDF(c)◆	300	012	10112	1999	2/1 4	J.P. Morgan Secs.			
CANADIAN DOLLARS GMAC Consols issue incressed:	190	11	101%	1984	13/14	Merrill Lynch Cep.Mids			
Kredietbank Int.Fin.(d)	190 .	1112	10112	1901	124/5	J.P. Morgan Secs.			
AUSTRALIAN DOLLARS		<del></del>							
New Sth Wales Treasury(e)	150	12.10	90.90	. 1995	2/14	Bain Securities			
Swedish Export Credit(I)	50	1814	10112	1990	1/3	Bankers Trust Int.			
STERLING			:						
News Cayman Ltd.(g)	150	75s	100	1999 .	3/14	CEFB			
Redland Funding Pic	·100	704	101.383	2014	25/13	BZW/Warburg Secs.			
D-MARIKS News Cayman Finance(h)50	175	8	100	1929	212/112	CSFB-Effectenbank			
QUALDERS. News Cuyman Invest(i)§	100	51 <sub>8</sub>	100	1900	3/14	CSFB Nederland			
SWISS PRANCS									
Kommuninvest   Orebro	<b>75</b> .	512	10012	1996	24	Credit Suisse			
Final terms fixed on: Mitsul Toatsu Chem-(1)40	200	12	100	1983	15	SBC			
FRIENCH FRANCS SAS	500	ó4	10134	1999	2/13	BNP			
PESEYAS		<del></del>		- ::-					
World Bank	10bn	1134	10172	1994	14/14	Demische Benk Suc.Espana			
YEN									
Instituto de Credito	9.55bn	518	101%	1993	13/14				
Okobank(k) •	· 5bn	8	1015	. 1983 -	154/14	J.P. Morgan Secs.			

eWith equity warrants. \$Convertible. \$Floating rate notes. \$Final terms. a) 25bp over 6-month Libor, increases after 8 years to 3g over Libor. b) Call 1992 at 100. c) issue increased from \$250m, d) issue increased from \$250m, e) Exchangeable into identical domestic issue. Priced net of negative interest. f) \$6.00m to repay in either A5 or US\$. g) Convertible preference shares. Put option March 1994 at 125 to yield 11g \$6.00m to repay in either A5 or US\$. g) Convertible preference shares. Put option March 1994 at 116 to yield 73g %. f) Put option March 1994 at 116 to yield 73g %. f) Put option March 1994 at yield 8%. j) Put fixed at 1033g to yield 2.017%. k) Rademption linked to Nikkel stock index.

FT INTER	NATIONAL BON	D SERVICE	
Listed are the latest international bonds for	which there is an adequate s		
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## Japan eases foreign currency bond curbs

By Clive Wolman in Tokyo

JAPANESE trust banks have been permitted to increase their holdings of foreign currency bonds by about Y906hn (\$7hn) in a move expected to stimulate a large inflow of Japanese money into US and possibly UK government secu-rities over the next few

liberalisation, The announced yesterday by the Ministry of Finance, follows diseaselons with representatives of the seven Japanese trust banks. They have been complaining in recent months about a government imposed 3 per cent ceiling on the foreign currency holdings of their loan

The new limits have now been set at 5 per cent but are expected to be raised farther within the next year. The absolute limit laid down by

law is 25 per cent. Trust banks were first permitted to invest their loan mitted to invest their roan trust funds in foreign curren-cies three years ago. The total value of these funds, which are sold mainly as interest-guaranteed time deposit funds for five-year periods to retail Y45,000bn.

Mr Yoshihiko Miyabe, assistant general manager of Yasuda Trust said the bank, which has Y6,000bn in loan trust funds, would increase its foreign bond holdings up to the new limit of Y300bn within three to six months.

Although most of the money would continue to be invested in US Treasury bonds, he said 30 to 40 per cent would proba-hly be invested in UK, Canadian and Australian bonds, where yields were high com-pared with those in Japan. The additional inflow into US Treasury bonds at the forthcoming auctions may help to slow a rise in long-term interest rates. Until now nearly all the loan trusts' foreign currency holdings have been in US Treasury bonds, but several banks have indicated a willingness to diversify into other currencies.

#### Goldman Sachs to underwrite Tokyo issue

By Stefan Wagstyl in Tokyo GOLDMAN SACHS, the US investment house, become the first foreign securities company to participate in underwriting the flotation of a fully Japanese-owned com-pany on the Tokyo stock

auge (TSE). The move is a modest but significant advance by a West-ern company into the tightly guarded world governing relationships between Japanese industrial companies and their stockbrokers.

Goldman will underwrite shares in Sumisho Computer Services, a company quoted on the over-the-counter market and which is being elevated to the TSE's second section on February 28. Sumisho is an affiliate of Sumitomo Trading. the general trading company at the heart of the Sumitomo grouping includes Sumitomo Bank, which has a stake in Goldman. group of companies. The

Goldman will take 80,000 Sumisho shares on to its book at a price of Y8,410 (\$26.4), the fifth-largest stake after Daiwa Securities, the lead manager, and four other Japanese secu-rities houses — Nonura Securities, Nikko Securities, Yamaichi Securities and Sanyo

Goldman's participation in the issue follows a year in which foreign companies have increasingly squeezed their names on to underwriting

Last February Goldman helped to underwrite the flota-tion on the TSE's second sec-tion of Nippon Avionics, an electronic instruments company jointly owned by Hughes Aircraft of the US and Japan's NEC. The fact that the company was partly foreign owned made it less difficult for a for-eign broker to participate in the issue than it might otherwise have been.

Meanwhile, on the OTC market, foreign companies have been involved in underwriting 100 per cent Japanese owned

Merrill Lynch, the US house, was one of six sub-underwrit-ers in the sale of shares in Nagase Brothers, a company operating cram schools. Jar-dine Fleming, based in Hong Kong, and Morgan Stanley, of the US the US, were among five com-panies which underwrote the sale of Mandom, an Osaka cos-

metics group.

Now that Goldman is set to write a TSE second section issue, other houses are experted to score similar small successful and because of because of because cesses. But the prize of becoming the lead underwriter, which wins the cream of the profits and usually gains a long-term corporate relation-ship, seems some distance off.

#### **UK COMPANY NEWS**

## Union Discount falls to £3.47m

FIZZUARY<sub>EN</sub>

THE UNION Discount Company of London, the financial services group, yesterday reported net profits of 23.47m for 1988, a sharp fall on the £11.66m achieved during the previous year. previous year.
Though the market had been

warned of a likely fall in profits, the figures were more disappointing than anticipated and the shares fell 3p to close and the shar at 520p.

The proposed man division of 18.5p makes a total of 30p of 18.5p makes a total of 30p of 18.7p) after adjusting for the carrier issue during The proposed final dividend the year. However Mr Graeme Gil-

christ, managing director, said that the group was "quite pleased with the results." He said it was not surprising that profits in 1988 had been well down on the previous year. because interest rate move-

"Rises in rates almost invari-

ments had affected the profit-ability of the group's discount



ably produce losses since in last year, facing their start-up the nature of our business, the costs at a time when interest These results would have

life of our assets is almost rates were rising. But only a always longer than that of the few years ago a four per cent supporting Habilities." he said. rise in rates during a year might have wiped out our prof-its altogether." Mr Gilchrist been better if we had not

Union Discount has been fol lowing a policy of steady diver-sification over the last three years in order to be less reliant on the discount market where margins are low and conditions are highly volatile.

Discount house operations accounted for about 60 per cent of profits in 1988. However, during the year the group increased the number of its offices in the UK outside London from three to eight, and in January 1989, opened a banking operation in Guernsey. Other diversification during

the past year included the launch of Winterflood Securities in April and of Union Dis count Invoice Financing in July and the acquisition of Herald Financial Services and Sabre Leasing. Stockholders disclosed funds

now stand at £80.97m (£83.51m), while total current assets at the year end were £3.69bn (£3.1bn).

## High Court freezes £78m bid for Marina

By Paul Cheeseright, Property Correspondent

THE HIGH Court in a move for which lawyers last night could find scant precedent, has frozen at least until next Monday the £77.7m bid made by Local London Group for. Marina Development Group. Mr Justice Morritt, in the Chancery Division, gave Marina Development an ex parte injunction prohibiting Local London from going ahead with its offer. The injunction became effec-

tive, preventing any further share purchases, when it was served on Local London early yesterday afternoon.

The immediate effect of the injunction was to pull Marina Development out of the jaws of

Technology for Ricardo, Sus-sex-based designer of engines

and transmissions, moved to

seeking to discover the benefi-cial ownership of certain

shares - were the result of.

"honest error". It said that all

the required information had

an agreement under section

also asserted that there was a

204 of the Companies Act, by virtue of the irrevocable under-

By Nikki Tait

the High Court yesterday, as C.
H Industrials at freezing its 63

now been correctly provided.

Ricardo, however, main

Ricardo, however, main-tained that CHI was party to

takings it gave to First Tech-nology to accept the offer. It

# · · · : ##

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المنظمة الدارات المنظمة المنظمة

latter had made an offer on Tuesday morning and by the end of the day had control of 47.7 per cent of the Marina

Development equity.

Late Tuesday, Marina Development's advisers, Morgan Grenfell and PK English Trust, took legal advice from Herbert Smith, the City solicitors, about the status of the 25.3 per cent stake Local London had in Marina Development and the presence on the board of Robert and Graham Bourne, founders and significant sharehold-ers in Local London. This led in turn to Mr Tony

Grabiner, for Marina Develop-ment, contending before Mr Justice Morritt yesterday Local London's control. The morning that Local London,

agreement extending beyond CHI, First Technology and its

advisers, BZW. Such matters, it claimed, had still not been

fully or properly disclosed in

shares in a public company by

either (or both) of them. The

potential implication of

Ricardo's argument is that rule

11 of the Takeover Code could

have been breached, and that First Technology – which is currently making an all-paper

bid - might be required to

attach a cash alternative. When First Technology, the

car sensors and safety equipment group which is making the hostile bid for Ricardo,

CHI argues 'honest error' in

THE £21m bid battle by First prima-facie case of a wider 204

per cent stake in Ricardo lifted. Section 204 deals with disclo-in court, CHI argued that its sure colligations arising from earlier incomplete of inactus an agreement but weath two or

rate replies to section 212 more parties which includes notices sent out by Ricardo – provision for the acquisition of

takeover battle for Ricardo

because of the presence of the Bourne brothers on the Marina Development board, had misused price sensitive informa-

The full arguments of both sides will be put in an inter-party hearing at the Chancery Division of the High Court

next Monday morning.

There is thus a hreathing space for Marina Development. not only to marshal its legal case but also its financial defence against the Local Lon-

A key element of the finan-cial defence will be a new asset valuation. This was in preparation before the bid was made and will be published at the end of this week or the begin-

announced its offer, it declared that it already owned 14.9 per cent of the equity and had

irrevocable undertakings to

accept in respect of a further 13 per cent, Included in those

undertakings was the CH Industrials holding. However, Ricardo subse-

mently sent out a series of sec-

tion 212 notices. The court's freezing orders, obtained as a

result of unsatisfactory replies, covered three principle stakes in Ricardo – 918,000 shares

. At the end of March 1988, in its last accounts, Marina Development had a net asset value per share of 318p. Yesterday on the market, which knew noth-ing of the injunction until the late afternoon, the shares were 484p, down ip on the day. Those of Local London were

unchanged at 485p. Local London, hest known for its business centres, is mak-ing its bid on the basis that it could more profitably utilise Marina Development's land assets, next to its water operations, than the existing management. It is offering 465 new cumuletive preference shares for every 100 Marina Development ordinaries.

#### **Hartley Baird** 48% ahead and resumes

Hartley Baird, maker of electric motors, domestic appli-ances and precision engineer, lifted pre-tax profits 48 per cent from £271,860 to £402,619 in the six months ended October 31. Turnover jumped from £410,782

The directors said the results were adversely affected hy start-up losses incurred by Tecnik Electric Motors and a move Easy (Consumer Products). However, both companies were now trading profitably, they

owned by CHI, 472,000 shares registered in the name of Jocar Nominees, and 270,000 shares belonging to IA&N Nominees. Yesterday, CHI conceded that its earlier 212 replies had failed to state that \$71,500 of its ities, since curtailed. shares were registered in the name of Jocar Nominees.

The company's shares are

# interim payment

to £4.17m.

A dividend of 0.25p is being paid - the first interim for 30 years. Earnings were 1.97p against 2.94p last time when boosted by share dealing activ-

traded on the over-the-counter market.

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#### SHARE STAKES

Ambrose Investment Trust – Grahams Rintoul Investment Trust has disposed of its holding of 500,000 income shares (6.94 per cent).

Antier – J Saville Gordon is currently the holder of 1.7m shares and J D Saville, e Green of 1.5 savilles of 1.5

The hearing will continue

today.

tor of J Saville Gordon (Commodities), personally owns 50,000 shares. This totals 29.8 per cent of Antler's issued

Associated Nursing - Scottish Amicable Investment Managers has acquired 175,000, taking its holding to 601,018 (11.025

per cent).
Delyn Packaging — Coast Investment and Development, Kuwait has disposed of 50,000 ordinary, leaving the total holding at 515,000 (6.47 per cent). The shares are registered to the name of Benkuwait in the name of Bankuwait

Dunhill Holdings - the trust-ees of the Dunhill Medical Trust have sold 8m ordinary at 280p each. The trust now holds 8m ordinary (4.76 per cent). Fergabrook Group — Allied Equities has sold 2m ordinary shares and no longer has a notifiable interest. Fleming Mercantile - Bar-

clays Bank Pension Fund has acquired 1.7m ordinary, raising its holding to 10.7m (7.4 per cent). The shares are registered in the name of Barclays Nominees (George Yard). Henderson Administration Group - USF and G Financial Services Corp acquired 100,000 ordinary, raising its holding to

1.42m (6.77 per cent). Kunick – D Robinson and R S Smith have disposed of 1.5m and 4m ordinary respectively at 49p per share. Their hold-

Weekly net asset value as at 6/2 was US\$ 286.39 Listed on the Amsterdam

Learnand Cepitel Holdings N.V. Smck Exchange Information:

Pierson, Heldring & Pierson NV.

ings now stand at 4.02m (4.1 per cent) and 19.46m (19.8 per cent). McLaughlin and Harvey – Mr

Charles Yuill, chairman of Thorbourne, and certain other parties have increased their holding to 475,120 ordinary (11.67 per cent). Nash Industries - J F Nash

(Holdings), a company controlled by J F Nash, has purchased 45,000 ordinary. This increases the beneficial holding of J F Nash to 2.65m (31.05) per cent). New England Properties – TR

Property Investment Trust has purchased 4m shares, increas-ing its interest to 7.3 per cent. The two companies are founder members of the County Hall Development Group, which has exchanged contracts to huy County Hall, former home of the Greater London Council. Ocean Wilson - South American Finance and Investment owns 5.5m shares (13.91 per cent). In turn that company is owned by Anstalt fur Handel and Anlagen of Leichtenstein. Osprey Communications - Hill Samnel Smaller Co's Trust now holds 465,505 (6.29 per

Sanders & Sidney - M D Management Company, in which T Simpson, a director, has an interest, has disposed of its entire holding of 1.02m ordi-nary (about 22 per cent). The shares have been placed with institutional investors.

Scottish National Trust -Equity and Law Life Assurance Society's interest in income shares has fallen below 5 per cent. Its interest in the capital shares remains unchanged at 3.4m (5.32 per

Temple Bar Investment Trust - London and Manchester Group has disposed of 405,000 ordinary and now holds 2.98m (5.2 per cent).

Throgmorton Trust - the Equitable Life Assurance Society has purchased a further 575,000 ordinary and now holds 3.43m (6.12 per cent). Prudential Corp has sold 270,000 ordinary and now holds 6.66m ordinary. nary (11.89 per cent).

#### Complex £45m deal finishes **Pressure** mounts on Bridon involvement in TWIL Minorco

bid banks By Kenneth Gooding,

Mining Correspondent

PRESSURE CONTINUES to mount on the hanks which agreed to provide Minorco, the Laxembourg investment group, with up to £1bn in con-nection with its bid for Consolidated Gold Fields, the UK diversified mining group, because of Minorco's South African connections.

The Canadian government met considerable anger about the presence of the Bank of Nova Scotia in the Minorco consortium during a meeting of the Commonwealth Committee of Foreign Ministers on

Southern Africa. In its official communique yesterday, the committee roted "that such a loan may escape the strict terms of the present ban (on bank loans to South Africa) agreed by Commonwealth countries — excluding the UK — in 1986" but urged Canada in future to "be guided by the spirit and intent

An observer from the UK Anti-Apartheid Movement said he expected the Canadian government to put pressure on the Bank of Nova Scotia to pull out of the financing arrange-ment which is still in place in case Minorco wishes to bid again for Gold Fields.

Another member of the con-sortium, Chernical Bank, has

heen criticised by the New York City euthorities for tak-ing part but said it is legally obliged to continue to offer Minorco financing facilities.

#### **Bucknall Austin**

Bucknall Austin has acquired the UK husiness of Edinburgh-based Pace, which pro-vides project contract services for the North Sea oil industry, from Price Waterhouse, the company's receiver, for £175,000. Bucknall has not acquired any of Pace's over-seas subsidiaries.

Steel buy for Firth

GM Firth has acquired fixed assets, stock and husiness of R Hayes Steel, for £70,000 cash.

BRIDON, the Doncaster-based uation which added a further wire rope manufacturer, yes-35p to the company's asset terday ended its 56-year value and the shares surged involvement in TWIL, the UK's 13p to close at 198p - just below the revised asset value

of 205p per share. In a complex deal worth £45m, Bridon is selling its 40 Tinsley Wire Industries, as TWIL was known, was formed by British Steel, Bekaert and per cent holding to British Steel and Bekaert, its former partners in TWIL, and acquir-Bridon in 1933. In recent years, ing three TWIL subsidiaries. British Steel and the Belgian the complicated share structure had irked all three parties wire company are paying Bridon £25.5m cash. The three and there was pressure oo all sides for a restructuring of subsidiarles are worth another

their interests. Bridoo had 40 per cent of the shares but only 25 per cent of the votes, and lamented the fact that it could not exercise For Bridon, the deal yields an immediate profit of \$21m, boosting net assets by 27p per share. Moreover, according to Sir Christopher Laidlaw, chair-man, the deal as a whole will any control over the management of the business or its cash flow. In its last financial not result in any dilution to year, TWIL had turnover of earnings per share in the cur-rent year and will greatly £215m and produced 342,000 tons of wire. improve the company's tax sit-

Bekaert also had 40 per cent of the equity, but only 50 per cent of the votes and so felt unwilling to commit substan-tial resources to the company; transaction appeared generous, given that the TWIL stake last British Steel, privatised last year, wanted to tidy up the uncertainty surrounding a

major customer. Under the latest deal, British Details were released at the same time as a property reval-Steel and Bekaert will end up

with 40 and 60 per cent of TWIL respectively. The companies are each injecting £10m into TWIL and Bekaert plans to merge TWIL with its industrial wire business at Hemiksem, Belgium.

The businesses being acquired by Bridon are: Fox Wire, which makes stainless steel and alloy wire; Johnsoo & Nephew (Ambergate), which makes high carboo and higher teosile wire, and Lionweld Kennedy, a steel flooring and welding company. Collectively, the businesses made profits of 23m before tax and interest in the last financial year.
The transaction, still subject

to shareholders' approval, leaves Bridon more or less free of borrowings and in a position to cootinue its expansion programme. In October last year it started oegotiations to buy the unprofitable ropes division of Bethlebem Steel, the US group. The deal is structured as a demerger so that cone of the

parties should face tax liabili-ties. Of the cash going to Bridon, £22.7m takes the form of e dividend so that Bridon will obtain a tax credit of

#### COMPANY NEWS IN BRIEF

HAMBRO CURRENCY Fund reported revenue down to £681,144 (£847,982) for the six months to December 23 1988. Total income emounted to £768,873 (£939,909). No divi-

Brokers said the terms of the

year contributed £3.9m to Bridon's pre-tax profits, a modest

sum given the scale of the con-

largest wire manufacturer.

HOTEL & MEDICAL - As part of £2m funding package to finance group's expansion, County NatWest Ventures has made equity investment of £325,000. Loan finance provided by Allied Irish International KEMP (PE) Holdings (Third

Market-traded constructor of stage sets): pre-tax profits for year to October 31 were down to £177,353 (£310,407) on turn-over up at £3.32m (£2,92m). Tax took £53,028 (£108,532) and earnings per 5p share were halved to 2.74p (5.53p). Final dividend of 1p, making total of 1.5p for year.
OCEANA DEVELOPMENT
Investment Trust has agreed

to acquire a 25 per cent Interest in Gioma Group, privately owned operator of a restaurant chain in Belgium and the Netherlands. The maximum consideration is Fl 5.75m (£1.6m), based on profit performance over the oext five years. The initial payment will be Fl 2.1m for a 10 per cent holding. Oceana will also subscribe for convertible debenture of F1 3.15m, which on conversion would raise its stake to 25 per

PEACHEY PROPERTY, part of the Wereldhave Group, has purchased the freehold of Kodak House, 65 Kingsway, London WC2, for £28.75m. Ven-dor was the Louis Dreyfus Property Group. The property, which exteods to some 65,000 sq ft, is currently let et £1.6m per annum, which reflects an equivalent yield of 7.5 per SCOTTISH AMERICAN Invest-

ment Company: Net asset value per 25p share totalled 112p (102.2p) at December 31 year-end. Available earnings for the year £6.29m (£4.81m) after tax of £2.52m (£1.94m). Earnings 2.81p (2.15p) and final dividend 0.74p making 2.57p

(2.09p). Board indicated an increase of at least 15 per cent in the dividend for

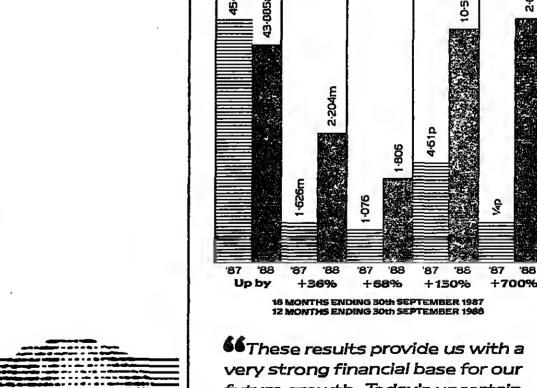
ST MODWEN Properties: Turnover £17.29m (£13.1m) and pre-tax profits £5.33m (£2.62m) for the year to November 30 1988. Earnings 3.5p (2.2p) and dividend 0.8p (0.5p). Net asset

value 29p (20.3p). TR CITY of Loodon Trust: net asset value at December 31 1988 stood at 85.9p, against 78.8p at the end of the previous first balf. Revenue before tax in the six months under review rose from £3.14m to £4.26m. After tax of £1.09m (£875,000) esrnings per deferred stock unit were 1.621p (1.146p). Secood interim of 0.77p (0.64p). UNION SQUARE has purchased and will refurbish a huilding in Nile Street, City Road, EC. in a joint venture with a private property company. Cost was over £2m.
WESTLAND GROUP has
acquired for £1.3m the jig huilt
fuel tank business of Marston

Palmer, a subsidiary of IML

DIVIDENDS

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> B. D. Blake, Chairman Extracts from the Chairman's Statement

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## Ladbroke secures hold as T-line recommends offer

LADEROKE GROUP, the international leisure company. yesterday put a strangle hold on Thomson T-Line following the decision by the industrial holding company to recom-mend acceptance of the

To consolidate its position in the nercely contested takeover battle. Lathroke rapidly entered the market after the Thomson T-line directors announcement and snapped up 14 per cent of the company's capital, raising its holding to

about 15.4 per cent. Included in this stake was the 5 per cent owned by Hanson, the international conglomerate, which later confirmed speculation that it was considering support for an alterna-

The directors of Thomson T-Line said they would accept the revised 90p a share offer for their holdings, representing 11.8 per cent of the capital. The 5 major institutional holders which control about 45 per cent of the shares are expected to welcome the recommendation, which ends two months of uncertainty,

A FUNERAL director has

become the first UK company

to value the names of its sub-

sidiaries in its accounts - a move also being considered by

WPP Gronp, the marketing ser-

vices and advertising company. Hodgson Holdings' decision

to put a value of £42m on the

names of 80 groups of funeral

companies bought over the last

eight years could open a new

chapter in the continuing

Last year, Ranks Hovis McDougall, the bakeries and

food group, stirred up contro-

versy in the accounting profes-sion by becoming the first com-

pany to put a value on existing

hrands in its balance sheet. Hodgson argues that when

hnying a funeral business, goodwill and the value of the

trade name are one and the

The group says this is

the loyalty of clients to that

debate over brand names.

and accept for their holdings. Ladhroke's 14 per cent stake was acquired at the offer price of 90p a share. This means that Hanson walks away with a loss on the investment, having bought the shares late last

month in three parcels at between 92.5p and 94p a share. Thomson T-Line and Hanson indicated that the Takeover Panel's move last Friday to prevent Wembley, the diversified leisure group, from mak-ing a bid was instrumental in their decisions.

The panel blocked a planned

offer from Wembley of 95p a share after deciding that the company should be held to its announcement on January 25 that it did not intend to make That statement is under-stood to have followed difficul-

ties by Wembley in arranging the finance for the bid, which

would have been on a cash and The panel's decision was vigorously contested by Thomson T-Line and Wembley. Contact between the parties is under-

Accounting change at Hodgson

In the past, acquisitive

groups like Hodgson seemed to

have only two options for

accounting for the purchase of

intangible assets such as cus-

write goodwill off against capital and reserves, thus erod-

• amortise goodwill - in

other words, write it off against profits over a number

of years, thus depressing

annual earnings.

By redefining goodwill as trade names in the 1987-83

accounts, Hodgson completely avoids write-offs, which led to a £21m negative reserve in the

previous year's balance sheet, nearly wiping ont sharehold-

call part of their goodwill pay-

ments hrand names; the rest of goodwill would still have to be

written off in the halance

Other companies could only

ers' funds.

tomer loyalty. They could:

ing shareholders' funds, or

local name, generation after sheet.

attempt to seek clarification of the situation. Thomson T-Line's principal

subsidiary and main attraction is Vernons football pools. which has about 21 per cent of the UK pools business. The company, acquired for £90m in February 1986 from

the Sangster family, has formed a solid cash generation base for Thomson T-Line's expansion into another areas. Ladbroke believes that Vernons will form a valuable addition to its extensive operations

Mr Cyril Stein, Ladbroke's

chairman and managing direc-tor, has had his eye on Ver-nons since 1974 when he first mounted an abortive bid. The bulk of Thomaon T-line's remaining businesses, including its industrial fasten-

ers, joinery, chemicals, electronic and electrical operations will now go on the market. Mr Stein said last December, when he announced the first offer of 80p a share, that he expected to sell these interests

Price Waterhouse, Hodgson's

accountant, approved the change in accounting policy.

That could give confidence to

WPP, which is seriously con-

sidering valuing the names of some of its subsidiaries.

WPP is thinking particularly of companies which have built up a reputation over a number

years, such as the advertis-

ing agency J Walter Thompson, Hill and Knowlton, the public relations group, and MRB Group, WPP's market research subsidiary.

The value of the Hodgson

company names will not depre-ciate, but it will be monitored

and any permanent drop in the value of a specific company name will be written off.

funeral directors - Great Southern Group and Kenyon

Securities - said yesterday they would continue to write

goodwill off against reserves.

Britain's two other qnoted

and win control of Vernons for

until Tuesday afternoon in an

## The multiplication of strength by division

Hugo Dixonand Terry Dodsworthon Plessey's demerger plan to thwart GEC/Siemens.

FTER THE failed A attempt to carve up the General Electric Company, Plessey is now exploring the possibility of dismembering

The snggestion that the group might demerge to escape the hostile attentions of GEC of the UK and Siemens of West Germany is as yet only a con-

tingency plan.
But if it reaches the front burner, it would be as audacious as any of the bewildering manoeuvres that have charac-terised this bid battle so far. Plessey is at present concentrating on a series of moves which could derail the GEC/

Siemens proposals and leave the company free to go about its business as normal.

One of these is the court action in which it will seek to show that GEC has broken the agreement under which tha two companies set up GPT, the joint venture telecommunica-

tions group.

The case could come to court as early as next week. If Plessey won, it would get the right to buy out GEC's share at an audited price - possibly up to £200m below its market value - and thereby remove the main attraction for Siemens in making the bid.

At the same time, the company will be arguing its case vigorously in the Monopolies and Mergers Commission over the next few weeks, concentrating on any anti-competitive elements it can find in the bid proposals, and on the necessity to maintain two strong UK defence electronics companies.

The competition issue will also be raised at the European Commission, where officials are looking at the validity of the consortium bid for Ples This week's revision of the GEC/Siemens plan is seen by Plessey as a help in its appeal to Europe, because it more

clearly sets out to split up the Plessey defence business etween two of its competitors. Running alongside these technical manoeuvres, Plessey is also initiating a high-powered attempt to convince shareholders that the GEC/Siemens proposals have no industrial

Executives will be talking to s string of institutions about the group's expansion plans, stressing the integrated nature of the Plessey husiness, and

trying to show that GEC/Sie-mena would tear apart operations that depend on each other.

"The thing that the other side has overlooked is that Plessey is not a loose agglom-Plessey is not a loose agglom-eration of activities," says Mr Stephen Walls, managing director. "The businesses depend upon each other." It is understood, that only if these other lines of defence were to prove wanting, would plessey consider activating the

Pleasey consider activating the plan to demerge itself into two

The first part would offi-cially continue to be Plessey, but its only substantial asset would be half a share of GPT. It would account for about 40 per cent of Plessey's present business.

The second and larger part would own the rest of Plessey's businesses – principally in defence electronics, microchips, aerospace and engineer-ing, and computer services. The rationale behind a demerger would be to neutral-

ise a poison pill that was written into the shareholder agree-ment establishing GPT. Under this, GEC has the right to buy Plessey's share of GPT at a knock-down price, if control of Plessey changes

This poison pill has deterred white knights from coming to ey's rescue, meaning that GEC is in practice the only company that can bid for the smaller electronics company. As a result, Plessey has argued that GEC and Siemens could end up buying it on the cheap. Plessey has therefore been

One possibility was the abortive consortium bid for GEC, which would have allowed Plessey to huy GEC's share of GPT. Another possibility is the

trying to find an antidote to

present legal action.

A demerger is a third possibility. It would not involve change in the ownership of Plessey and would therefore, Plessey believes, not trigger the poison pill.

There could be two advantages in this approach. First, it could highlight the value of Plessey's share in GPT. Second, Plessey management would then be free to negotiate deals concerning the remain-ing 60 per cent of its business without worrying about the

> The Bank of Nova Scotia **Barclays Bank PLC**

> **Bankers Trust Company**

The Fuji Bank, Limited

The Sanwa Bank, Limited

**Banque Paribas** 

**National Westminster Bank PLC** 

Credit Lyonnais, London Branch

The Mitsubishi Bank, Limited

The Sumitomo Bank, Limited



poison pill.

Any demerger of Plessey would have to be approved by its shareholders. It would therefore need to be structured in such a way as to convince them that they were better off giving their approval than tak-ing cash from GEC/Siemens. There are many possibla ways of structuring a demerger, and it is understood that Pleasey has not developed a

firm view on which would be A central question is whether Plessey would simply offer its shareholders two shares - one in each part of the business - or whether there would also be a cash ele-

Offering cash might make a demerger more credible to shareholders. After all, the lack of cash on the table was one of the reasons that the

get off the drawing board. Against this, however, is the question of how Plessey would, raise enough cash. One idea might be 8 management huyout; another could be to line up huyers for one or both of the

counter-bid for GEC failed to

demerged husinesses. Those companies which were previously interested in taking part in the consortium bid for GEC would be obvious candidates. AT&T of the US and Northern Telecom of Canada might like part of GPT, while Thomson of France might be attracted by Plessey's defence business. There could, how-ever, be all sorts of political problems in structuring such a

A further issue would be the

Sir John Clark: chairman and chief executive of Plessey

degree to which the company could fragment itself in a demerger. Plessey would be foolish to argue that it is important to maintain integrated operations — the line it is taking at the moment — if it is planning to split off bits and pieces to any bidder that

Davies (D Hartley Br

pose of considering a tions are not structured

Mr Alan Jones, managing director of the group's defence

division, said yesterday, for example, that the military operations depended crucially on the central research laboratories, along with the semicon-ductor division and the group's software specialists.

For this reason, Plessey tions of a management buy-out in the semiconductor division came directly from the manag-

ers of those operations. It was a sign, said Mr Walls. of the disenchantment of the chip company management with the prospect of being run by GEC. Plessey, as a group, would not want to lose sami-

But even if a split into more than two parts looks highly unlikely, a demerged Plessey would have the freedom to purand microchips:

A demerger might, of course, fail in shaking off GEC/Siemens. But, if all it did was to encourage the Anglo-German consortium to come back with a higher price, Plessey might not think it had done that

DIVIDENDS ANNOUNCED											
	Current	Oate of payment	Corres - ponding dividend	Fotal for year	Total last year						
V) 5in	1.5	Apr 18	1	-	4						
aird 55	0.25		-	-	0.5						
olsure4fir		Apr 28	0.8	2	1.2						
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fir		- /	•	3	-						
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Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue, fOn capital increased by rights and/or acquisition issues, \$USM stock. §SUnquoted stock. \$Third

#### BOARD MEETINGS

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US\$ 2,300,000,000

Term Loan and Revolving **Credit Facility** 

Arranged by

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January 1989

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#### UK COMPANY NEWS

## Expansion pays off as Leading Leisure tops £5m

casinos nor a substantial loss in its security division pre-vented Leading Leisure, the vented Leading Leisure, the expanding Third Marketquoted leisure and property group, from more than doubling pre-tax profits to £5.15m in the year to October 31. in the year to October 81.

The advance from £2.4m was achieved on turnover of achieved on turnover of £78.98m (£35.15m). Earnings per share increased 39 per cent to 6.8p (4.9p) and a recom-mended final dividend of 1.5p makes a total of 2p (1.2p).

Mr Barry Malizia, the chief executive who on Monday also

became chairman, said that overall results had met expectations. Coupled with Leading's strong asset hase he hoped that this would enable it to achieve a full listing duringthe year.
The main contribution came

from Leading's property interests which produced operating

NEITHER A fire at one of its profits of \$7.73m compared lale of Wight, and Glyn casinos nor a substantial loss with £2.86m in the previous Rhonwy in north Wales, are with £2.86m in the previous

affect results, as it was fully insured and has since been

Losses in the security divi-sion amounted to £1.73m. Mr Malizia said that this had since improved but that discussions had already begun concerning its disposal.

Leading is planning major expansions in its leisure inter-

ests. A tennis centre and hotel at Basingstoke and a golfing hotel at Carnoustie are being developed in line with Lead-ing's intention of creating a chain of sporting complexes.

Three extensive holiday projects at Hoddom Castle in Scotland, Westridge village on the

## **Dutch link for Sherwood**

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"Non-quota loans B are 1 per cent higher in each case than non-quota loans A. IEqual instalments of principal. If Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

By David Waller

Over 5 up to 8

Over 6 up to 7 .....

Over 7 up to 8 .....

Over 8 up to 9 ....

Over 9 up to 10 .....

Over 15 up to 25 ......

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SHERWOOD GROUP, a Nottingham-based maker of women's underwear, said yesterday that it was close to reaching agreement to merge with Dentex Groep, a Datch lace and lingerie company.

Further details will be pub-

lished today or tomorrow: all Sherwood would say yesterday was that the deal was a posi-tive development for both sets of shareholders and would take the form of an offer by Sher-wood for all Dentex's outstand-

#### **Bowater sells** PUBLIC WORKS LOAN BOARD RATES 1m Norton **Opax shares**

By Andrew Hill

Bowater Industries, the packaging and industrial prod-ucts group, has sold im of its shares in Norton Opax, the specialist printer, in line with last week's ruling by the Takeover Panel

payments increased to £2.3m, up from £788,000 last

Leading's breathless expansion continues apace. There is con-siderable admiration, if not

deals Mr Malizia has pnt

together. However, it is not clear how soon Leading's major capital investments will start feeding through into the

start feeding through into the balance sheet and this casts some doubts over its listing. But the company's ability to cut and run when it encoun-ters problems, such as in the security division, suggests that it will not become massively umstuck. Naturally, there are worries at the fast rate of mor-

worries at the fast rate of prog-ress and the high level of gear-

ress and the night level of gear-ing but the company's track record suggests that it will probably be able to cope with both of these. Profits may rise

to about £8m this year giving a prospective p/e of 9. The general feeling seems to be to keep fingers crossed and hope that Leading knows what it is

O COMMENT

Following an unsuccessful appeal by Norton's merchant bank, Samuel Montagu, the Panel decided Bowater should sell the Im shares but could keep the 23.7 per cent holding picked up on the same day in breach of the Code.

#### Cowie builds up 6.7% stake in **BSG** Intl

By John Thornhill

T. COWIE, a Sunderland-based also at various stages of develmotor group, yesterday revealed a 6.71 per cent stake in BSG International, the Bir-Leading's gearing is currently 150 per cent, but Mr Malizia claimed that this would fall to about 100 per cent after revaluations. Interest mingham-based motor distributor, vehicle components and consumer products manufac-

Mr Gordon Hodgson, Cow-ie's finance director, said that its stake had been built up in the last two to three weeks through the open market. We know the trade and think that BSG has been undervalued for a long time.

We see this as a very sound investment," he said. He added that Cowis now had a strategic holding in sev eral companies in the motor sector but reaffirmed Cowie's policy of not making contested bids.

Mr Tony Dawson, BSG's finance director, said that BSG had received a letter from Cowie informing it of the stake but had had no other contact with the company. "We await developments with interest," he said.

#### DY Davies recovers

Remedial action taken early in 1988 enabled D Y Davies, a USM-quoted provider of archi-techtural and allied services, to lift first half profits from a depressed £88,000 to £504,000 at the pre-tax level. The profits were also 17 per

cent higher than the £429,000 returned for the second six months of the previous year. Turnover for half year to October 31 rose from £3.01m to £4.58m. After tax of £186,000

(£59,000) earnings per 5p share emerged at 5.8p (0.5p). The interim dividend is being stepped up by 0.5p to 1.5p.

#### Merivale Moore

Merivale Moore, the property investment and development group, is raising £10.2m through a placing of 10.5 per cent first martgage debenture stock due 2020. The issue is priced at £39.559 per cent, giv-ing a gross redemption yield of 16.54 per cent. Dealings are expected to begin today.

## **P&P** rises 83% to £7.51m and announces £11.46m acquisition

By Vanessa Houlder

P&P, the microcomputer distributor, yesterday unveiled the acquisition of Personal Computers, the troubled microcomputer distributor traded on the USM, for £11.48m in paper, At the same time, it announced an 83 per cent rise in pre-tax profits to £7.51m (£4.11m) for the year to November 30 - its first as a quoted

47 per cent to £106.52m Fully diluted earnings per share moved up 57 per cent to 18p (11.5p). A final dividend of 2p per share was rscom-mended, making a total of 3p

company. Turnover increased

for the year.

Mr David Southworth, P&P managing director, said that the Personal Computers acquisition would expand his company further into the South of England. Personal Computers has said

it is likely to report a substan-tial loss in the first half of the current year, following a diffi-

cult trading period. Under the offer, one new P&P share will be offered for

share, representing a premium of 61 per cent over Personal Computer's share price of

141.5p on Monday.
P&P has received irrevocable undertakings to accept the offer in respect of 72.5 per cent of the share capital. Full acceptance of the offer would result in the issue of 5.1m new P&P ehares, representing 15.1 per cent of its enlarged ordinary share capital

The share price of P&P fell by 1p to 230p; that of Personal Computers rose from 140p to

COMMENT

If P&P was at all nervous ahout paying an apparently hefty price for a loss-making business, it was not showing it yesterday. It is confident that Personal Computers will prove invalnable in broadening P&P's geographical base and, furthermore, will not dilute this year's earnings. Reduced overbeads, improved purchasing clout, quicker stock turn-

each Personal Computers over and better back office organisation should improve Personal Computers' margins and help achieve this. Even so, analysts bave some doubts about the deal. For one thing, P&P has no experience of turning around an acquisition. For another, Personal Computers' cliant hase may heighten the conflict resulting from P&P'a ability both to supply and com-pete with customers in the high street. Furthermore, there is a backdrop of worries about a price war in the personal computer market thanks to heightening competition and a slowing market. That said, P&P is bullish about its own sales and its excellent set of maiden results shows its ability to improve its margins. Given its emphasis on adding value to its core distribution business through training, installation, networking and maintenance, that should con-tinue. Analysts expect the company to make profits of £10.5m this year, which puts the shares on a solidly-based rat-

## Boustead in £3.87m Singapore **purchase**

By Clare Pearson

BOUSTEAD, the international trading group, is expanding in Singapore with the cash pur-chase of Elmec Systems, which provides contract manufacturing facilities for the electronics industry, for a maximum of

S\$13m (£3.87m). The purchase is being made by Bonstead's Singapore agency business, Bousteadco. This was restructured, with the rest of the once-ailing group, under the direction of Mr Michael Noakes, the former divisional mansger at BTR brought in as chief executive

Elmec's unaudited pre-tax profits for 1988 were S\$1.22m, on turnover of S\$6.08m. The initial consideration is \$\$5m. and the halance depends on pre-tax profits to 1991. Boustead, which spent £17m

on three UK acquisitions last summer, lifted pre-tax profits to £1.01m (£368,000) in the six months to the end of last June.

## Ferruzzi chief attacks threat to stability

By Philip Coggan

THE CHAIRMAN of Gruppo Psrruzzi, the major Italian agricultural and industrial company, yesterday criticised the growth in mergers and acquisition activity for forcing assets into "an inflationary spiral" which was distorting the

world economy. Speaking on the final day of the Pinancial Times conference on European Mergers and Acquisitions, Mr Rani Gardini said that acquisitions of industrial companies were often fol-lowed by a partial or total break-np, aimed merely at a

quick profit.
This tendency, together with the easy credit which made such takeovers possible, posed a serious threat to the stability of the financial system. "It is increasingly difficult to

implement a sound industrial project without exposing the entrepreneur to exceptionally high risks," Mr Gardini said. Professor Henk Meil, commercial director of Unilever, responded by saying that the field of mergers and acquisi-

tions was effectively a market which set a price for manage-ment control of industry. He believed that price was better set by the market than by leg-islative regulation.

Mr Kazuo Chiba, the Japanese ambassador to the UK, said that in Japan, business-men used to think M&A stood for murder and assassination, but their view had changed.

Now, with the stronger yen, was absolutely necessary for Japanese companies to have production facilities abroad. Japanese acquisitions overseas were growing and Mr Chiba expected this to occur particu-larly in Britain, where Japanese companies were made welcome by both national and local government

The ambassador said Japan would prefer that the British system of regulating takeovers should apply throughout Europe. The European Com-mission is currently considering a proposed directive on

Mr Robert Swannell, a direc-

CONFERENCE

**EUROPEAN MERGERS AND ACQUISITIONS** 

tor of J Henry Schroder Wagg, said the main barrier to acquisitions in continental Europe was the ownership structure of companies. It had been estimated that 80 per cent of the Milan stock exchange's market capitalisation was controlled, directly or indirectly, hy just nme entities.

This meant that the so-called level playing field could not be achieved hetween UK and European takeover policy. "Reciprocity is something of a red herring," he said.

UK companies would need to proceed in Europe via joint ventures or purchases of minority or controlling hold-ings, rather than through the lannch of full scale takeover

Mr Bill Jordan, president of the European Metal Workers Federation, said unions were not against mergers, but they should promote genuine com-petition and should consider the livelihood of all employees.

Mr Martin Waldenstrom, president of Booz-Allen Acqui-sition Services, spoke about the shape of European business after 1992. Mr Peter Les-lie, deputy chairman of Barclays Bank, discussed the challenges facing banks in the run np to 1992. Mr Stepben Parkinson and Mr Adam Broke of Arthur Young outlined the accounting, regulatory and tax differences between the various European countries and the way they affected merger and acquisition decisions.

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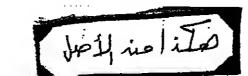
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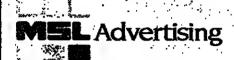
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R.A. Flade, Ref: M15063/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Fax: 061-834 8577, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF.

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The successful candidate will be an ambitious qualified accountant with commercial flair, supported by strong technical accounting skills. You will need the ability to communicate effectively at all levels of the Group's structure, including the Main Board, and to be able to act with initiative in developing and executing project work.

The experience you gain in this challenging environment will develop your commercial and technical ebilities and continued growth should ensure that future prospects are excellent. Please contact Karen Iravis at our Manchester office quoting ref.

Amethyst House, Spring Gardens Manchester M2 IEA. Tel: 061-834 0618 Fax: 061-832 9123

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Safeway plc, the main trading subsidiary of the Argyll Group, is committed to a

of the Argyll Group, is committed to a major expansion programme which includes the conversion of our large Presto Supermarkets to the Safeway concept. Current sales are in excess of £3.4 billion. Meeting this rate of expansion has seen our Distribution Division become one of the most sophisticated in the inclustry. Now the demands of further growth and the need for maximum efficiency have the need for maximum efficiency have resulted in a major investment and

resulted in a major investment and expension programme.
Assisted by a small team, you will work closely with the Distribution Board and be fully involved in the management of a £100m revenue budget. Analysis of management information, business plan review and tight control of a

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Candidates will be qualified accountants Candidates will be qualified accountants (28-35) with at least two years' commercial experience, ideally gained in a FMCG environment.

This position will provide the opportunity to further develop your business skills in a dynamic environment where future prospects are excellent. To apply, please write with full career and salary details to: Paula Taylor, Personnel Manager, Safeway plc. Personnel Manager, Safeway pic, 6 Millington Road, Hayes, Middlesex UB3 4AY. Tel: 01-756 2131.

SAFEWAY

#### Director of Finance c£30,000 + carBirmingham

A challenging new appointment has been created by our client, a changing and progressive service company in the industrial sector. They are seeking to strengthen their management team with the appointment of a selfmotivated and ambitious Director of Finance.

Reporting to the Divisional Managing Director, the appointee will play the major role in contributing to commercial business decisions whilst effecting the decentralisation of management information.

Candidates, probably aged 30-45, will be qualified accountants who can demonstrate sound commercial experience and practical success in planning and managing the finance area in a manufacturing environment. Sound EDP exposure and strong personal attributes are essential to this role.

Interested candidates, who meet these criteria, should send a detailed CV including current salary to David Fyles, quoting reference LM 512 at Spicers Executive Selection, 13 Bruton Street, London W1X7AH.



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interested candidates, qualified and under 35 years will be determined and creative self-starters, comfortable with responsibility and with the ability to motivate, lead and inspire confidence.



Please reply in confidence enclosing full CV and details of your current salary to:

> Managing Director L&M Food Group Ltd 454-456 Lerkshall Road London E4 9HH

## Newly Qualified Management Accountancy **Appointments**

On February 16, 1989, the Financial Times proposes to publish a list of the Management Accountants who have been successful in the recent Final examinations.

The heading will be "Newly Qualified Management Accountancy Appointments", and is an ideal opportunity to recruit Management Accountants with at least three years business experience.

The advertising rate will be £49.00 per single column centimetre withe premium positions available by arrangement at £59.00 per single column centimetre.

For further information please contact:-Paul Malaviglia

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FINANCIALTIMES

#### MANAGEMENT ACCOUNTANT **Business Publishing**

LONDON

c £23,000 + Car

This is a challenging appointment within the Business Publishing Division of the Financial Times Group. Both the Publishing Division and Group are going through a long term period of expansion through the development of new products and from acquisitions, and this has lead to a reappraisal of the management accounting requirements.

The successful candidate, with a small staff, will be responsible for the preparation of all management information relating to the division, including project appraisals. Some involvement on the financial accounting side will be expected. He/she will also be actively involved as a member of the commercial team. Considerable opportunities for career development are available within the Group.

Aged 28+ applicants should be qualified accountants, able to demonstrate relevant experience and sound commercial awareness. Good inter-personal skills and the ability to work to strict deadlines are required.

Please write enclosing a career/salary history

Personnel Department Ref SMA/BP Financial Times Bracken House 10 Cannon Street LONDON EC4P 4BY

FINANCIALTIMES

#### **COMMODITIES AND AGRICULTURE**

## 'Gold loan rush' could turn sour for some

By Kenneth Gooding, Mining Correspondent

THE SUDDEN upsurge in gold loans, with which mining companies raise finance oo the basis of future gold production. might soon he followed by unpleasant consequences for some of the banks and other intermediaries involved, analysts were suggesting yester-

Attention has been focused on the subject hy the recent revelation that Lloyds Bank is to sell off a gold loan, appar-

ently at a loss.

The loan, of 20,544 troy ounces of gold, was made to a small Canadian company, Pacific Trans-Ocean Resources. towards the development of its 50 per cent-owned Ketza River gold mine in the Yukon. Higher than-anticipated

development costs placed Pacific in grave financial diffi-culty, with a deht load of C\$13m and unable to service the gold loan. Another Canadian group

Belmoral Mines, stepped in to acquire the Ketza River mine and at the same time arranged to huy the outstanding portion of the gold loan at a substan-

"One bad loan is not going to change the world. But it is one to remember. There will he more. This is the first oote in what will be a crescendo," said Mr Rob Weinberg, gold analyst with James Capel, the securities firm, yesterday.

Gold loans first became popular in the mid-1980s as a way for mining companies to raise development cash. Interest in this form of finance increased sobstantially after the stock markets' collapse in October

Estimates of the total exposure of leoders of gold to both the gold loan and the forward markets ranges as high as 400 tonnes or nearly 13m ounces, according to Mr Weinberg. ous invo

AFRICAN COUNTRIES are

stepping up productioo of high

quality coffees to meet con-

sumers' needs, according to Mr

Arega Worku, secretary gen-

eral of the Inter-African Coffee

National Coffee Association

annual convention in the Flo-rida resort of Boca Raton that

consumption of African coffee

was recovering in the US mar-

Imports of robustas into the

US had declined steadily over

the past 20 years. Mr Worku said. This was "somewhat dis-

appointing given that Africa is

The US imported 2.8m bags

of robustas in 1987-88, down

from 5.2m bags in 1966-67. "In

percentage terms the share of

robustas, which was 27 per

cent in 1966-67, is now around

mainly the continent of robus-

Mr Worku told the US

Organisation, Reuter reports.

	LARGE GOLD	Bullion Loans	
Borrower	Loan value (USSm)	Gold equivalent (troy oz.)	Lender(s)
Newmont Mining (US)	448	1m	A seven-bank consortium, including Bank of Nova Scotta
American Barrick (Canadian)	410 (approx.)	1.05m	Union Bank of Switz- erland, Wastpec Banking, Royal Bank of Canada
Placer Pacific (Australain, with Canadian parent)	180	400,000	Chase investment Bank, Chase AMP Capital Markets and seven other banks
Lac Minerals (Canadisn)	139.7 (approx.)	350,000	Royal Bank of Canada
American Barrick	122		Toronton Dominion Bank
Placer Pacific and Australism Consolidated Minerals	105		Union Bank of Switzerland
FirstMiss Gold (US)	71.3	150,000	Mase Westpac
Gelectic Resources (Canadian) and BP Minerals (US with British parent)	56		N.M. Rothschild & Sons, Mase Westpac and letters of credit from five banks

involves a mining company borrowing gold from a bank or banks, selling it for immediate cash and paying back over some years. Both the interest and principal can be repaid in

Interest rates are low, typically 1.5 to 3 per cent, but the attraction for the banks is that they can earn a return on an otherwise non-interest-earning

The growth of the business became so strong that in May last year the Governor of the Bank of England, Mr Robin Leigh-Pemberton, publicly expressed his misgivings aboot the involvement in gold loans of organisations with little or no understanding of, or previous involvement in, the bullion

16 per cent," Mr Worku said,

the difficulties of African ori-gins in the US market are due

to the steady preference in favour of high quality coffees (arabicas), delivery problems

reflecting shortage of the prod-uct, irregularity in supply and uncompetitive terms," he said.

availability on competitive terms and continue to respond

adequately to quality require-ments of the consumer and

We intend to ensure regular

"It has been suggested that

had no doubt about the ability of the leading bullion houses to ess and manage the risks of gold loans. "But I would be less confident about other intermediaries who may be attracted to this market.
"It would be a matter of

Mr Leigh-Pembertoo said he

regret if such firms were to find themselves unduly exposed and, at the very best, able to meet their commitments only at a aubstantial and unanticipated loss. The ramifications, particularly if they were to spill over to create potentially disorderly mar-kets, should not be underesti-mated," he added.

One analyst said yesterday that after the Bank Governor's warning "the quality of banks involved in the gold loan busi-

exchange earned is returned to

the industrialised nations as

payment for necessary imports

or to service the continent's

debt, currently estimated at

The renewal of the Interna-tional Coffee Agreement (ICA),

a pact to stabilise world coffee

prices which expires on Sep-

tember 30, was critical to Africa's efforts to increase pro-

duction of quality coffee, he

\$230bn," Mr Worku said.

African countries aim to boost coffee quality

ness noticeably improved." There have been some sug-gestions that the recent sharp fall in the gold price might be putting new stresses on the system but Mr Robert Guy, chairman of the London Bullion Market Association, pointed ont that gold loans were complex arrangements. unlike the simple extension of

Each gold loan was individually tailored and often accompanied by option operations designed to give as much protection as possible to borrow-ers and lenders from the effects of price volatility. Those involved in the "gold loan rush" would certainly hava taken into account the possibility of a fall in the gold price, he said.

attempts being made to find

practical and pragmatic soln-

tions to defects in the ICA

pointed out by consumers, such as sales to non-members

On Monday the board of the National Coffee Association said it opposed renewal of the

agreement unless these prob-

Two weeks ago, Mr Worku said that African coffee produc-

at discount prices.

lems were resolved.

However, Capel's Mr Weinberg said: "In gold loans the new entrants may have taken account of the gold price risk but many appeared to overlook the mining risk. And mining is risky, not only for the major and well-capitalised producers, but far more so for the young exploration hopefuls."

was the possibility of a few gold loans going sour because of unexpected geological prob-lems even though the lenders sent independent consultants

to look at the mines.

Mr Weinberg also pointed out that gold loans had accelerated the supply of gold to the market and had helped to depress the price; a change in attitude towards such loans might trigger off a reversal of the current downward trend. "A large borrower of gold might decide to take a capital

profit. It may buy back the gold loan cheaper than it was sold and borrow, ostensibly more expensive, paper money

"But it could also be one of these new intermediaries taking a new look at what mining risk really means. It may decide that the predicted return on its gold loans simply does not justify the risk it is taking and call the loan in. Or it may raise the cost of the loan to a level that the bor-

rower finds unacceptable."

The recent fall in the gold price had already been forcing gold miners to shelve projects and had been cutting demand

or gold loans. Mr Weinberg said: "The accelerated supply of gold to the market that has been seen over the recent past will end.
And it will do so in an acceleration of demand (for gold bullion) that will come from the very companies that are still expected to increase their sup-plies, not the opposite."

Colombia's chief coffee offi-

cial has suggested giving more

weight to producer stocks

when fixing coffee export quo-tas to combat two-tier pricing.
"We have been advocating

ation chief, said in Boca Raton yesterday.

"We are fighting to maintain an international coffee agree-ment and are looking for solu-

tions," he added. "Creating an

incentive for higher quotas

through retention should

"We have started to move

**US MARKETS** 

price-fix selling touched-off

IN ACTIVE LATE trading, coffee futures fell sharply as a combination of trade

selling of the March/May spread and

commission house stops, reports

reduce sales to non-members,"

the idea and are also eager to see whether Central America,

Brazil or Africa have addi-

tional ideas."

**WORLD COMMODITIES PRICES** 

# particularly hard to swallow

given that the raw fish imported from Japan probably started life in Indonesia's own vast archipelagic waters.

Today Indonesia is embarked on a major overhand of its fishing industry in a bid to disentence of the started water. returns from a sector which, though great in potential, sufters a lack of investment, had management and just plain

Indonesian shrimp producers this month entertain the US from and Drugs Administra-tion with a spread they hope is appetising enough to win clear-ance for sales to the US.

An inspection tour of selected hatcheries starting

this week could well provide Indonesia its US entrée for fresh and fast food shrimp which currently fail to meet FDA health standards. Tuna is also singled out. Mr Wardoyo, the Fisheries Minis-ter, says all foreign fleets in

Indonesia's exclusive economic zone will have to export their catches through domestic ports - a move aimed at boosting export earnings and providing a better inventory of fish

The regulation will also raise sales from foreign distant-wa-ter fleets to the 21 local canneries which have traditionally faced supply shortages. Last November Mantrust, a privately owned Indonesian canner, bought Ralston Purina's subsidiary. Van Camp's Chicken of the Sea, the second largest tuna brand name in the US. The deal gives Mantrust instant shelf-space in the US – the world's largest canned fish:

The restructuring now under way involves large scale expansion of cannery capacity through both foreign and domestic investment, a rehabilitation of the local fleet and the promotion of smallholder fisheries through bank credit and support from the co-operatives. this idea for many years but it was taken seriously in a limited way only two years ago," said Mr Jorge Cardenas, Colombia's National Coffee Federation shief said to Box Peters Indonesia last year exported 150,000 tonnes of fish products

PT ANEKA Tambang, the indonesian state-owned nickel east Sulawesi, and in the company, plans to increase production of ferro-nickel this year to 38,000 tonnes from 19,000 tonnes, Mr Ginanjar Kartasasmita, the country's Mines and Energy Minister said yesterday, Renter reports from Kendari Promalas in south tonnes of ferro-nickel and company in the 1989-90 financial year, starting in April. That compares with 1.57m. 4,500 and 32,000 tonnes respectively estimated for 1988-89.

He also said that PT International Nickel Indonesia, as substituted in the 1989-90 financial year, starting in April That compares with 1.57m. 4,500 and 32,000 tonnes from the company itself.

Mickel deposits in Pomalas in south tonnes of ferro-nickel and the 1989-90 financial year, starting in April That compares with 1.57m. 4,500 and 32,000 tonnes from the company itself.

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Antara, the official Indonesian news agency, quoted him as saying that production would rise with the expansion

#### attention it deserves, writes John Murray Brown worth \$400m; canned products accounted for a mere 7 per cent of the total. However, the potential is SASHIMI IS a shocking price in most of the world's capitals. But in Jakarta it always seems

An industry with great potential is winning the

Indonesian fishing sector

wriggles out of its inertia

clearly much larger. Indonesia's mangrove swamps, which could be utilised for brackish water shrimp production, cover more than 4m hectares. According to figures from the Fisheries Department, only 300,000 hectares is currently in production.

With the declaration of its exclusive economic zone, indonesia almost doubled its territorial waters from 3m to 5.8m square miles. Today more than 500 foreign distant-water vessels, the largest number from Taiwan, pay for licences to fish the zone, using so-called American nets for skate and

snapper as well as shrimp. In addition, Indonesia abuts the western Pacific, one of the richest fishing grounds in the richest fishing grounds in the world. The region is said to supply between 30 and 40 per cent of the world's tuna harvest, with around 80 foreign pursa seiners catching some 300,000 tomes a year. Industry officials say much of this could be processed in Indonesian

Transpecha, a French fishing operation, has already established a carmery on the small island of Biak, processing around 25,000 tonnes of tuna for buyers in Europe and the US. The Japanese are also interested in local canning. Fisheries officials confirmed that three companies - Okinawa Kinkal Gyogyo, Japan Royal Intern, and Okinawa Tuna Fisheries Co-operative Associations - plan to set up joint venture canning

Mantrust's project is perhaps the most ambitious, involving some 500 small pole and line boats supplying 10 cold-storage units throughout the eastern archipelago. The company is currently expanding its can-ning facilities on Bali to 2m cartons a year, or around 20,000 tonnes of processed tuna every month. Mr Tegeoh Soc-tantyo, Mantrust's chairman, says this is sufficient to main-tain Van Camp's share of the

US market, leaving enough spare capacity to increase its European sales.

The problems, as ever, are those of supply and quality.
According to one trader, poor handling means that more than 10 per cent of domestic fish production is spoiled before it reaches the market. in some quartars there is also growing concern that also growing concern that Indonesia is too dependent on Japenese demand, particularly for shrimp, a product which accounts for 20 per cent of world trade in fish products. Japan takes 75 per cent of

Indonesia's shrimp output.
The long-term challenge is to match the necessary technology to what is still largely a traditional industry. The labour-intensive canning sector is looking at new lower cost technologies, the latest being the move to two-piece cans. Brackish water shrimp cultiva-tion is even more dependent on sophisticated technologies, in areas like water temperature, salinity, and cold storage. However, the Government's hands are tied by domestic

considerations

For one thing, there are 4m people engaged in the industry using pole and line and rarely venturing more than a few miles from shore. Of the 300,000 hoats, fewer than 100,000 are thought to be motorised, although the number is

More significantly, more than 50 per cent of Indonesia's catch ends up as dried or salted products — an important source of protein on the local market. In recent months local marker. In recent mentils local prices have actually been rising steadily, not just in real terms but also against other basic staples like rice, indicating that fish stocks, at least in the territorial waters, may be less abundant than official figures suggest

In addition, in a controversial move a few years ago, the Government was forced to limit mechanised trawling to beyond the 130 degree line after local fishermen complained at the sharp fall in

## Ferro-nickel output increase planned

are estimated to total about

37m tonnes Mr Ginamar said Indonesia planned to export a total of 1.8m tonnes of nickel ore, 5,400

He also said that PT Interna-tional Nickel Indonesia, a sub-sidiary of Inco of Canada. would expand production capacity as it had overcome technical problems which lowered output projections.

- 0:

## LONDON MARKETS

Copper regeined some lost ground on the London Metal Exchanga yesterday, taking its cua from the New York Commodity Exchange (Comex) where prices rose strongly late on Tuesday. Continued strength on Comex could take the LME Grade A copper price higher, traders said, but railies are expected to become smaller and retracements larger as the year progresses and supply and damand radually move into balance. Other metals followed copper's lea Three-month nickel closed \$450 up at \$16,150 a tonne efter light profittaking trimmed the price by \$100 from the day's peak. News of a strike at a Peruvien leed/zinc mine contributed to the upward movement in zinc prices. Gold (inished lower at \$390.50 a troy ounce aftar trading in a one-dollar range throughout the dey in what dealers described as dull conditions.

SPOT MARKETS

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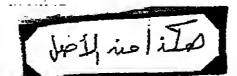
	dhere more strictly to the ules laid down by the Food is it and Drug Administration," he deed.  Coffee generates annual ity arnings of between \$2.6bn and 3bn for the African continent and accounts for between 30 ins and 96 per cent of the foreign kchange earnings of the 10 stay agior African producers.				The n proby be two problems of he list is a collection of the list is problems of the list is problems.	te only way our farmers roduce high quality coffee being assured of remuner-prices. Stable prices will nly ensure the availabil-high quality coffee, is essential for our Ameri-olleagues to support this ument (the ICA) which rovided our farmers with a revenues and roasters a steady supply of coffee."			posed by European consumers as a way of abolishing the sales to non-members of timernational Coffee Organition, the body which adminiters the ICA.  This week he said he had never the timernation of the proposals with other products, but was expecting to do at the next round of ICO tal		
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Dec	230.00	224.60	224.0		
May	227.00		222.8		
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Furnow White 1 Parts- 1740, A LONDO Akumini Strike p 2100 2200	or: Raw : 1246 (1230 White (FF lug 1740, ME METAL Jum (29.77	3152 (2142) ). Fr per tour Oct 1690, E EXCHANG: 6) C Into Mar 165	e): Mo lec 167 alis May 159 104	ar 176 5, Ma DED O P Mar 9 33	56, 19716 1003 1003
Furnow White 1 Parts- 1740, A LONDO Akumini Strike p 2100 2200	or: Raw : 1246 (1230 White (FF lug 1740, ME METAL Jum (29.77	3152 (2142) ). Fr per tone Oct 1690, E EXCHANG: 6) O	ec 167 E TRAE alls May 159	7 176 5, Ma 2ED O P Mar	5, 19 7 19 7 18 Ma 58
Victoria (Composition of Composition	or: Raw : 1246 (1230 White (FF lug 1740, ME METAL Jum (29.77	3152 (2142) ). Fr per tour Oct 1690, D EXCHANG: 6) C one Mar 165 80 40	e): Mo lec 167 alis May 159 104	9 33 82	56, 19716 1003 1003
Turnow White 1 Peris- 1740, A LONDO Alumini Strike ( 2700 2200 2300	or: Flaw : 1246 (1230 White (FF Aug 1740, or ME SETAL Jum (99.79 price \$ tor	3152 (2142) ). Fr per tour Oct 1690, D EXCHANG: 6) C one Mar 165 80 40	e): Mi lec 167 alfs May 159 104 64	9 33 82	58 100 150

LONDO	H RIETA	T EXCH	TROS		Prices sup			
	Clos		Provious	High/Low	AM Of	(cieł	Kerb clos	Open Interes
Akentol			per tonne)				Ring by	mover 14,900 ton
Cash 3 mont	2245 13 2210		2185-90 2153-9	2220/2195	2250-8 2215-2		2200-5	26,777 lots
		(£ per to			2213-2			20,777 lots
Cash	1775		1703-6	1785/1768	1781-3		नामकु क्या	HAVE ASSURE TON
3 month			1643-60	1708/1690	1703-4		1704-5	65,647 lots
Säver (	US conts/	line ounc	9)				1	Ring turnover 0 c
Çash	565-7		587-9	582	582-3			
3 month			600-2		505-7			356 lots
	per tonne	<u> </u>					Ring L	mover 8,950 ton
Cesh 3 month	362.5 18 265-7		359.5-61 364.5-63	382,5/380	363-3.5 386.5-7		366-7	9,510 lots
Nickel (	S per tom	10(						emover 2,520 ton
Cash	18300		18050-150	18700/1830	00 18300-6	500		
3 month			17850-750	18250/1780			18000-100	6,314 lots
Zina, Sp			S per tonne(				Ring t	mover 5,200 ton
Cesh 3 month	1905- 18 1845-		1835-43 1783-7	1910/1830	1905-10 1840-5	)	1835-60	4,219 lots
	per tonne		1700-7	10001010	10-0-0			mover 9,275 ton
Cash	1820-		1755-60	1805	1805-10			
3 month			1712-3	1760/735	1747-80		1755-8	11,834 lots
POTATO	ES Unon	ne			LONDON		NARKE	IT
	Close	Previou			Gold (fins			Indiavispe 2
Apr May	70.5 85.3	71.6 88.0	71.1 69.8 85.5 \$4.2		Close		4-390 k	224-224 1 <sub>2</sub> 224 1 <sub>2</sub> -825
	89.5	90.0	83.0 \$2.0		Opening fl.	x 390	40	224.110
Nov	102.0	102.0			Afternoon			224.093
Turnove	r 172 (27	1) lots al	40 tonnes.		Day's high Day's low		7-580 1 <sup>7</sup>	-
Turnove	r 172 (27				Day's low	330 5 p	-390 <sup>1</sup> 2	2 equivalent
SOYABI	F 172 (27 EAN MEA Close 158.50	L Storme Previous	s High/Low 189.00 158	.50	Coins Mapietest	\$ p	-390 <sup>1</sup> 2 rice -407 -407	230 2-233 2
SOYAB!	EAN MEA Close 158.50 162.50	1) lots of L Stonne Previous 161.00 152.50	s High/Low 189.00 158 152.50	1.50	Coins Mapieteal Oritannia US Eagle	\$ p	-390 <sup>1</sup> 2 rice -407 -407	230 ½-233 ½ 230 ½-233 ½
SOYAB!	EAN MEA Close 158.50 162.50	1) lots of L Stonne Previous 161.00 152.50	s High/Low 189.00 158	1.50	Coins Mapietesi eritannia	5 p 402 402 402 402	-390 <sup>1</sup> 2	230 2-233 2
Feb Turnove SOYABI Apr Jun Turnove	EAN MEA Close 158.50 162.50 or 121 (15	1) lots of L S/tonne Previous 161.00 152.50 6) lots of	s High/Low 180,00 158 152,50 20 tonnes.	150	Coins  Mapleteal entannia US Eagle Angel Krugerran New Sox.	\$ p 402 402 402 402 5 \$89 91.4	190 ½ 100 407 407 407 407 407 407 407	230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 220 ½-233 ½ 223-225 52 ½-63 ½
Feb Turnove SOYABI Apr Jun Turnove	EAN MEA Close 158.50 152.50 or 121 (15	L Storme Previous 161.00 152.50 6) lots of	s High/Low 180.00 158 152.50 20 tonnes.	150	Coins  Mapieteal Oritannia US Eagle Angel Krugerran	5 p 402 402 402 402 5 589 914	-390 <sup>1</sup> 2	230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½
Feb Turnove SOYABI Apr Jun Turnove FRZIGH	EAN MEA Close 158.50 152.50 or 121 (155 T FUTUR Close	1) lots of L S/tonne Previous 161.00 152.50 6) lots of	s High/Low 180.00 158 152.50 20 tonnes.	.50	Coins  Mapietesi entannia US Eagle Angel Krugerran New Sov. Old Sov.	5 p 402 402 402 402 5 589 914	190 ½ 407 407 407 407 407 408 408 408 408 408 408 408 408 408 408	230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 220-225 52 ½-53 ¼ 52 ½-53 ¼
Feb Turnove SOYASI Apr Jun Turnove FRZEH	PAN MEAN MEAN TOUR 158.50 152.50 or 121 (15) T FUTURE Close 1616	L Stonne Previous 161.00 152.50 6) lots of Pravious 170.00	s High/Low 189,00 158 182,50 20 zonnes. 20 zonnes. 20 zonnes. 21 zonnes.	.50	Coins  Mapietesi entannia US Eagle Angel Krugerran New Sov. Old Sov.	5 p 402 402 402 402 5 589 914	190 ½ 407 407 407 407 407 408 408 408 408 408 408 408 408 408 408	230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 220-225 52 ½-53 ¼ 52 ½-53 ¼
Feb SOYABI Apr Jun Turnove FREIGH	EAN MEAN TO THE TOTAL TO THE TOTAL T	1) lots of Previous 161,00 152,50 6) lots of E8 \$10/Inx Previous 1439 15-18 15-20	167.00 158 152.50 20 20 20 20 20 20 20 20 20 20 20 20 20	150	Coins  Mapietesi entannia US Eagle Angel Krugerran New Sov. Old Sov.	390 \$ p 402 402 402 5 389 911 911 535	190 ½ 407 407 407 407 407 408 408 408 408 408 408 408 408 408 408	230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 230 ½-233 ½ 220-225 52 ½-53 ¼ 52 ½-53 ¼
FRENCH FR	FAN MEA Close 158.50 162.50 IF 121 (18 T FUTUR Close 1616 1570 1597 1423	1) lota of Previous 161.00 182.50 6) lots of Provious 1439 1548 1549	s High/Low 189,00 158 152,50 20 zormes. 20 zormes. 20 zormes. 20 zormes. 20 zormes. 20 zormes. 21 zormes. 22 zormes. 25 zormes. 26 zormes. 27 zormes. 27 zormes. 28 zormes. 28 zormes. 29 zormes. 29 zormes. 20 z	150	Coins  Mapieted Gritamia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plat	390 \$ p 402 402 402 5 \$89 91,4 535	-3901 <sub>2</sub> -407 -407 -407 -407 -407 -407 -532 -421 <sub>4</sub> -421 <sub>4</sub> -921 <sub>4</sub> -921 <sub>4</sub> -421 <sub>4</sub>	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 221 253 ½ 52 ½ 53 ¼ 52 ½ 53 ¼ 52 ½ 53 ½ 307.80 812.85
FREMENT FREMENT APP Jun Oct	EAN MEAN TO THE TOTAL TO THE TOTAL T	1) lots of Previous 161,00 152,50 6) lots of E8 \$10/Inx Previous 1439 15-18 15-20	167.00 158 152.50 20 20 20 20 20 20 20 20 20 20 20 20 20	350	Colns  Mapietesi Gritannia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plat  Silver 8x  Silver 8x	390 \$ p 402 402 402 5 381 91 1 635 917 535	-3901 <sub>2</sub>	200 ½ 200 ½ 200 ½
Feb SOYABI Apr Jun Turnovo FRZIGH Apr Apr Jul Oct Jan Apr	EAN MEA Close 158.50 152.50 162.50 17 FUTUR Close 1570 1570 1570 1570 1573 1673 1673 1673	1) John of Previous 161.00 152.50 6) John of Provious 1439 1540 1540 1540 1540 1540 1540	5 High/Low 180,00 158 152,50 20 iornes. 20 i	350	Coins  Mapieted Gritamia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plat	390 \$ p 402 402 402 5 \$89 91,4 535	3901 <sub>2</sub> 1608 407 407 407 407 3522 6-9236 49216 90-544.85	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 221 253 ½ 52 ½ 53 ¼ 52 ½ 53 ¼ 52 ½ 53 ½ 307.80 812.85
Fob Apr Jumove Apr Jum Tumove Frazieni Frazieni Oct. Jan Apr AFF	EAN MEA Close 155.50 152.50 162.50 17 FUTUR Close 1615 1570 1570 1570 1573 1673 1673 1673 1673 1673 1673	1) lots of Previous 161.00 152.50 6) lots of Provious 1538 1520 1540 1540 1540 1540 1540 1542	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	350	Coins  Mapietesi Gritarmia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plate Street Stre	\$ p. 402 402 402 5 589 91 1 535 5 588 5 588 5 588 5 5 5 5 5 5 5 5 5	3901 <sub>2</sub> 1608 407 407 407 407 3522 6-9236 49216 90-544.85	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 22 ½ 23 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 55 ½ 55 ½ 55 ½ 56 ½ 55 ½ 56 ½ 55 55 56 56 ½
Fob Apr Jumove Apr Jum Tumove Frazieni Frazieni Oct. Jan Apr AFF	EAN MEA Close 158.50 152.50 162.50 17 FUTUR Close 1570 1570 1570 1570 1573 1673 1673 1673	1) lots of Previous 161.00 152.50 6) lots of Provious 1538 1520 1540 1540 1540 1540 1540 1542	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	350	Coins  Mapietesi Gritarmia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plate Street Stre	\$ p. 402 402 402 5 589 91 1 535 5 588 5 588 5 588 5 5 5 5 5 5 5 5 5	3901 <sub>2</sub> 1608 407 407 407 407 3522 6-9236 49216 90-544.85	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 22 ½ 23 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 55 ½ 55 ½ 55 ½ 56 ½ 55 ½ 56 ½ 55 55 56 56 ½
FOB Turnove SOYABI Apr Jun Turnove Fob Mar Apr Jun Oct Jun Oct Jun Apr 2FF	EAN MEA Close 155.50 152.50 162.50 17 FUTUR Close 1615 1570 1570 1570 1573 1673 1673 1673 1673 1673 1673	1) lots of Previous 161.00 152.50 6) lots of Provious 1538 1520 1540 1540 1540 1540 1540 1542	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	350	Coins  Mapietesi Gritarmia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plate Street Stre	\$ p 402 402 402 5 \$81 91 535 535 548 578	1590 1 <sub>2</sub> 160e 407 407 407 407 407 408 408 408 408 408 408 408 408 408 408	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 22 ½ 23 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 55 ½ 55 ½ 55 ½ 56 ½ 55 ½ 56 ½ 55 55 56 56 ½
FOB TURNOVE SOYABI Apr Jun Turnove FRENGH Apr Apr Jul Jan Apr Apr Turnove	EAN MEA Close 155.50 152.50 162.50 17 FUTUR Close 1615 1570 1570 1570 1573 1673 1673 1673 1673 1673 1673	1) lots of Previous 161.00 152.50 6) lots of Provious 1538 1520 1540 1540 1540 1540 1540 1542	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	350	Coles  Mapietesi Oritarenia US Eagle Angel Krugerran New Sov. Noble Plai Silver 6x Spot 3 months 12 months	\$ p 402 402 402 5 \$81 91 535 535 548 578	1500 1 <sub>2</sub> 1600 1407 1407 1407 1407 1502 1602 1602 1602 16032	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 220 ½ 233 ½ 22 ½ 23 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 53 ½ 52 ½ 55 ½ 55 ½ 55 ½ 56 ½ 55 ½ 56 ½ 55 55 56 56 ½
Fob SOYABI Apr Jun Turnove FRZIGH Fob Mar Apr Jun Turnove GRANS	EAN MEA Close 155.50 152.50 or 121 (15 1616 1570 1625 1616 1577 1422 1573 1573 1573 1573 1573 1573 1573	1) lots of Previous 161.00 152.50 6) lots of Provious 1538 1520 1540 1540 1540 1540 1540 1542	189,00 158 152,50 20 20 20 20 20 20 20 20 20 20 20 20 20 2	350	Coins  Mapietesi eritararia. US Eagle Angal Krugerran New Sov. Noble Pist Sov. Noble Pist 3 months 6 months 12 months 12 months	\$ p p 4022 4022 4022 4022 4022 4022 4022	390 1 <sub>2</sub> rice 407 407 407 407 392 402 1 <sub>4</sub> 402 1 <sub>5</sub> 402 1 <sub>6</sub> 40 05 355  rel Previou 15.99	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Feb Turnove Scrabin Apr Jun Turnove Feb Mar Apr Jun Turnove GRABIS GRABIS	EAN MEA Close 155.50 152.50 or 121 (15 1570 1615 1570 1625 1615 1577 1423 1675 1623 1675 1623 1675 1623 1675 1623 1675 1623 1675 1623 1675 1623 1675 1623 1625 1625 1625 1625 1625 1625 1625 1625	1) Ion of L Dronne Previous 161.00 152.50 6) Iots of Provious 1439 1540 1550 1550 1555 1600 1542	169,00 158 152,50 20 20nnes. 20 20 20 20 20 20 20 20 20 20 20 20 20 2		Celes  Mapietesi Ortannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spot Spot S months 6 months 12 months CRUDE OS	\$ p 402 402 402 402 402 402 559 911 635 548 558 378 1615 1615 175 1615 1615 175 1615 175 1615 175 175 175 175 175 175 175 175 175 1	15.90 12 15.90 15.80 15.	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 237.25 ¼ 52 ½ 53 ¼ 52 ½ 53 ½ 537.80 \$12.05  US cas equiv 587.75 601.50 615.55 645.25
FOR TURNOVE SCYABILITY APPROVED TO TURNOVE SCHOOL SAPER S	EAN MEA Close 158.50 152.50 152.50 152.50 152.50 17 FUTUR Close 1570 1570 1570 1573 1553 1553 1553 1553 1553 1553 1553	1) John of Previous 161.00 (152.50 (15	189,00 158 189,00 158 152,50 20 20 20 20 20 20 20 20 20 20 20 20 20 2	.76	Celes  Mapietesi Gritannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spat Spat Smonths 6 months 12 months 12 months 12 months	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Feb Turnove Scrass Scra	EAN MEA Close 155.50 152.50 152.50 152.50 152.50 152.50 152.50 1537 1425 1553 1553 1553 1553 1553 1553 1553 15	1) John of Previous 15-250 (6) John of Previous 1439 15-36 1530 1604 (7) 15-36	190,00 158 152,50 158 152,50 20 20 20 20 20 20 20 20 20 20 20 20 20	.76	Celes  Mapietesi Ortannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spot Spot S months 6 months 12 months CRUDE OS	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Fob Turnove SOYABI Apr Jurnove FRENCH FRENCH FRENCH FRENCH FRENCH FRENCH Mar Apr Apr Apr Apr Apr Apr Apr Apr Apr Ap	EAN MEAN Close 158.50 162.50 r 121 (15 157) 1423 1553 1553 1553 1553 1553 1553 1553 15	1) John of Previous 161,00 (16	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	.76	Celes  Mapietesi Gritannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spat Spat Smonths 6 months 12 months 12 months 12 months	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Fob Turnove SCYABI Apr Jun Turnove FRZIGH Fob Apr Apr Apr Apr Apr Apr Mar Turnove GRAPIS Wheat Mar Jun Sep Nov	EAN MEA Close 155.50 152.50 152.50 152.50 152.50 152.50 152.50 1537 1425 1553 1553 1553 1553 1553 1553 1553 15	1) John of L Stronne L Str	189,00 158 152,50 20 20 20 20 20 20 20 20 20 20 20 20 20 2	.76	Celes  Mapietesi Gritannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spat Spat Smonths 6 months 12 months 12 months 12 months	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Feb Turnove SoyABI Apr Jun Turnove FREEH FREE Mar Apr Jun Apr Apr Jun Apr Apr Jun Apr Apr Mar Apr Mar Apr Mar Apr Jun Apr Apr Jun Apr Apr Jun Apr Apr Jun Apr Apr Apr Jun Apr Apr Apr Jun Apr	EAN MEA Close 158.50 152.50 152.50 152.50 152.50 17.10 1570 1570 1570 1570 1570 1573 1573 1573 1573 1573 1573 1573 1573	1) John of Previous 161,00 (16	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	.70 .50 .50	Celes  Mapietesi Gritannia US Eagle Angel Krugerran New Sov. Nobie Plat Silver Sx Spat Spat Smonths 6 months 12 months 12 months 12 months	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Fob Turnove SOYABI Apr Jurnove FRESCH	EAN MEAN Close 156.50 102.50 17 121 (15 157) 1428 1553 1553 1553 1553 1553 1553 1553 155	1) John of Previous 161,00 (16	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	.70 .50 .50	Celes  Mapietesi Gritannia US Eagle Angel Kragerran New Sov. Nobie Plat Silver Sx Spot 3 months 6 months 12 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 19 months 10 months 10 months 10 months 10 months 11 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 18 months 18 months 19 months 10 months 1	\$ p 402 402 402 402 402 402 402 402 402 402	15.90 12 15.90 15.90 15.90 15.90 15.90 15.90	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 33 ½ 24 53 ½ 25 ½ 53 ½ 207.80-812.05 US cts equiv 587.75 601.50 615.55 648.25
Feb Turnove SOYABI Apr Jun Turnove FRESH FRESH FRESH FRESH FRESH Mar Apr Apr Apr Apr Apr Apr Apr Apr Apr Ap	EAN MEAN Close 156.50 162.50 162.50 1615 1579 1428 1553 1573 1623 1553 1553 1553 1553 1553 1553 1553 15	1) Job of Previous 161.00 (161	189,00 158 182,50 158 182,50 20 20 20 20 20 20 20 20 20 20 20 20 20	.76 .50 .25 .20	Celes  Mapietesi Gritannia US Eagle Angel Kragerran New Sov. Nobie Plat Silvar Sx Spot 3 months 6 months 12 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 19 months 10 months 10 months 10 months 10 months 11 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 18 months 19 months 10 months 1	\$ p 402 402 402 402 402 402 402 402 402 402	15.99 15.99 15.99 15.99	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 237.20 % 52 ½ -53 ½ 52 ½ -53 ½ 53
SCYABI SCYABI SCYABI Apr Jun Turnove FREEGH	EAN MEA Close 155.50 152.50 152.50 162.50 1615 1570 1597 1423 1675 1623 1633 1675 1623 1633 1675 1623 1633 1633 1633 1633 1633 1633 1633	1) Job of Previous 15-250 (6) Jobs of 152-50 (6) Jobs of 152-50 (7) John of 152-50 (7) Jo	189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 112 18 111 18 High/Low 109,75 109	.76 .50 .25 .00	Celus  Mapietesi eritararia US Eagle Angel Krugerran New Sov. Old Sov. Noble Plat  Silver Sx Spot 3 months 6 months 12 months 12 months CRUDE Off  Mar Apr IPE Index  GAS OK 3	\$ p 402 402 402 402 402 402 402 402 402 402	3901 <sub>2</sub> 1008  407  407  407  407  407  392  407  392  407  392  1421 <sub>4</sub> 30-544.85	230 ½ 233 ½ 230 ½ 230 ½ 233 ½ 230 ½ 230 ½ 233 ½ 230 ½
FOB Turnove SOYABI Apr Jun Turnove FREEH FOB Mar Apr Jul GRAPIS Wheat Mar	EAN MEA Close 155.50 152.50 1615 157 1615 1577 1423 1573 1573 1573 1573 1573 1573 1573 157	1) John of Previous 15-250 6) John of 152-50 6) John of 152-50 6) John of 152-50 153-5	190,00 158 152,50 152,50 20 20mms.  20 20mms.  1515 1488 1576 1552 1428 1335 1553 1428 1575 1550 1523 1523 1573 1511 11,75 111 11,56 115 117,30 117 103,50 112,10 111 5 High/Low 109,00 112,10 111 5 High/Low 109,75 109 111,75 110	.76 .50 .25 .00	Celes  Mapietesi Gritannia US Eagle Angel Krugerran Krugerran New Sov. Nobie Plat Structure Sov. Nobie Plat I months 6 months 12 months 12 months 12 months 12 months 12 months 12 months 14 months 15 months 16 months 17 months 18 months	\$ p 402 402 402 402 402 402 402 402 402 402	3901 <sub>2</sub> rice 407 407 407 407 407 392 407 392 40 05 15.96 15.96 15.96 136.50 136.50	230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 230 ½ 233 ½ 237.20 % 52 ½ -53 ½ 52 ½ -53 ½ 52 ½ -53 ½ 53
Fob Turnove Apr Jun Turnove FREEH Fob Apr	EAN MEA Close 155.50 152.50 152.50 162.50 1615 1570 1597 1423 1675 1623 1633 1675 1623 1633 1675 1623 1633 1633 1633 1633 1633 1633 1633	1) Job of Previous 15-250 (6) Jobs of 152-50 (6) Jobs of 152-50 (7) John of 152-50 (7) Jo	189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 158 189,00 112 18 111 18 High/Low 109,75 109	.76 .50 .25 .00	Celus  Mapietesi eritararia US Eagle Angai Krugerran New Sov. Noble Pist  Silver 6x Spot 3 months 6 months 12 months 7 months 7 months 7 months 7 months 7 months 8 months 9 months 10 months 10 months 10 months 10 months	\$ p 402 402 402 402 402 402 402 402 402 402	3901 <sub>2</sub> 1008  407  407  407  407  407  392  407  392  407  392  1421 <sub>4</sub> 30-544.85	230 ½ 233 ½ 230 ½ 230 ½ 233 ½ 230 ½ 230 ½ 233 ½ 230 ½

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of the	B SEVEN	cold we	ether fin	ned the
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Ne	Y W	ork		
GOLI	100 troy	oz.; š/troy	00L	
	Ciose	Previous		*
Feb Mar	398.2	392.3	395.5	591,5
Apr	397.4 399.1	395.5	399.5	304.7
Jun	404.1	400.5	404.5	394.7 399.8
Aug	409.5 415.0	405.9	408.B	405.3
Dec	420.5	416.9	421.0	416.B
Fob	396.2	392.3	398.5	391,8 428,5
	431.8	423.1	428.5	
Apr	451.8 DEJM 50 1	428_1 rov oz: \$/6		
Apr	DELINA 50 N	roy oz; \$/b	by oz.	
Apr		roy oz; \$/b	High/Lon	W 0 · ·
Apr PLAT Mar Apr	Ciose . 538.8 540.1	Previous 531.6 531.9	by oz. High/Los 0 544,0	0 530.0
Apr PLAT Mar	Ciose . 538.8	Previous 531.6	High/Lon	0 530.0 528.0
Apr PLAT Mar Apr Jul Oct Jen	Ciose . 538.8 540.1 537.1 536.6 537.6	Frevious 531.6. 531.9 529.1 526.6 529.6	0 544,0 540,0 535,0	0 530.0 528.0 629.5
Apr PLAT Mar Apr Jul Oct Jen Apr	538.8 540.1 536.6 537.1 536.6 537.9 540.5	Previous 531.6 531.9 529.1 528.6 529.6 532.6	0 544.0 540.0 505.0 0	0 530.0 528.0 529.5
Apr PLAT Mar Apr Jul Oct Jen Apr	Ciose 538.8 540.1 537.1 536.6 537.6 540.5	Previous 831.6. 531.9 529.1 529.6 529.6 529.6 532.6 532.6	0 High/Los 544,0 540,0 505,0 0	0 530.0 528.0 529.5 0
Apr PLAT Mar Apr Jul Oct Jen Apr SRLVI	Cioce Cioce 536.8 540.1 537.1 537.6 540.5 540.5 540.5	Previous \$75 Previous \$31.6 531.9 539.1 539.6 529.6 532.6 Previous	0y 0z.  High/Lon  544,0 540.0 505.0 0  W/broy 0z. High/Loh	0 530.0 528.0 629.5
Apr PLAT Mar Apr Jel Oct Jan Apr SRLVI	598.8 540.1 537.1 536.6 537.6 540.5 537.6 540.5 537.6 540.5	Previous 831.6. 531.9 529.1 529.6 529.6 529.6 532.6 532.6	0 High/Los 544,0 540,0 505,0 0	0 530.0 528.0 529.5 0
Apr PLAT Mar Apr Jul Oct Jan Apr SRLVI	538.8 540.1 537.1 537.6 540.5 540.5 540.5 540.5 541.7 594.5 592.5	Previous 531.8 531.8 529.1 526.6 629.6 532.6 oy 62; can Previous 585.8 589.0 594.0	0y 0z.  High/Lon  544.0  540.0  505.0  0  High/Lon  587.0  587.0  588.0	0 530.0 528.0 528.5 0 0 587.0 587.0
Apr PLAT Mar Apr Jul Oct Jan Apr SR.VI Feb Mar Apr May	DELHA 50 to Close . 538.8 540.1 537.1 536.6 537.6 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5 540.5	Previous \$75 Previous \$31.6 531.9 529.1 526.6 528.6 532.6 Previous \$85.8 589.0 594.0 599.2	By cz.  High/Lon  544.0  540.0  535.0  0  W/broy cz.  High/Lon  587.0  505.5  605.5	530.0 530.0 528.0 529.5 0 0
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Apr PLAT Mar Apr Jul Oct Apr St.VI Sep Jul Sep Jul Mar May Jul Mar May May May May May May May May May May	Cicce 538.8 540.1 537.1 536.6 537.6 540.5 540.5 540.5 540.5 540.5 540.5 640.4 644.5 655.3 685.7	Previous 531.6. 531.8. 531.8. 522.1 522.6 522.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.7 640.0	1 High/Lon   1 High/Lon   1 High/Lon   1	530.0 530.0 530.0 532.5 0 0 587.0 589.0 589.0 600.5 0 630.5
Apr PLAT Mar Apr Jul Oct Apr St.VI Sep Jul Sep Jul Mar May Jul Mar May May May May May May May May May May	Cicce 538.8 540.1 537.1 536.6 537.6 540.5 540.5 540.5 540.5 540.5 540.5 640.4 644.5 655.3 685.7	Previous 531.6. 531.8 529.1 529.6 529.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.6 532.2 532.8 53	10 cc. 1 High/Lot 0 544.0 544.0 505.0 0 0 1 High/Lot 505.5 618.0 0 0 644.0 0 0 644.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	530.0 530.0 522.0 622.5 9 0 587.0 589.0 600.5 0 636.5 0
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jó	E OIL (Lie	ht) 42,000 l	US gatis S	/bérrel	C	ione			
-	Letest	Previous	High/Lo			icag	0		
_	17.63	17.70	17.70	17.58	30Y/	BEANS 5	000 bet min;	sents/60th t	oshei
,	17.18	17.21 16.80	17.21	17.08	_	Close	Previous	High/Lov	
	16.58	16.61	16.80	16.78 16.51	Mar	746/9	75714	75970	741/
	16.35	16.37	16.35	16.25	May	757/0	766/0	769/4	752
	16.13 15.96	16.15 16.00	16.15	15.95	Jul Aug	702/6	774/0	775/0	759/
	15.91	15.91	16.91	15.90	Sep	789/0	770/0 744/0	769/0 744/0	753/
	15.87	15.86	15.87	15.83	Nov	718/4	727/6	725/0	715
Ė	16.75	15.61	15.85	15.80	Jan Mer	724/6 730/0	735/0 741/0	733/0 736/0	723/ 730/
ī	Latint	1,000 US ga					60,000 Nas;		/30/
_		Previous	High/Los			Close	Previous	HutsLow	
	4910 4720	4967 4752	5016 .4780	4905 4720	Mer .	21.50	21.67	21.95	21.5
•	4540	4532	4570	4525	May	22.01	22.21	22,47	22.0
	4435	4419 4306	4450	4425 4380	- Jul - Aug	22.82 22.74	22.70	22.95	22.6
1	4440	4414	4440	4435	Sop	22.97	23.15	23.10 23.25	22.7
_	4405	4479	.4495	4475	Oct	23.10	23.25	23,40	23.1
×	A 10 tones	e;\$/toone			Dec	23.33	23.45	23.70	23.3
	Close	Previous	High/Lo	w .	Mar	23.40	23.55	23.70 23.25	23.4
_	1408	1600	1530	1485	SOYA	BEAN ME	AL 100 tons;		
•	1440	1430	1463	1435	_	Close	Previous	High/Low	
٠,	1306	1370	1420	1406	Mer	235.6	242.6		
	1371	T350	1376	1368	May	237.6	240.1	242.0 240.7	235.
_	. 1360 -	1346	1369	1368	Jul	234.5	237.7	237.8	232
Ξ		500lbe; co	nts/tbs.		Aug	231.5 · 228.0	236.0	229.0	230.1
	Close	Previous	High/Lo		Oct	. 220.5	223.0	223.0	225.0 216.0
	138.83	141.34	145.50	136.25	Dec Jan	217.5	220.5	221,0	217.
•	128.00	133.84	187.00	130.25		217.9	221,0	217,6	218.0
	124.77	126.75	133.00 130.00	127.00 124.00	MAIZ		anim; center/5	dib bushef	
	120.74	126.40	126.50	120.49	"	Close	Previous	High/Low	
,	121.00	127.00	125.45	124.90	Mar May	264/6	267/8	268/4	263/
٠.	117.63	123.63	o .	Ŏ.	Jul	271/2	274/2 278/0	275/2	200/
ŭ	WORLD	*11" 112,0	00 lbs. ce	nte/lbe	Sep	269/4	270/6	273/2	273/2
_	Close	Previous	High/Lo		Dec	268/4 275/2	270/4	272/2	285/2
_	10.26	10.22	10.56	10.02			277/0	278/0	2721
y.	10.44	10.25	10.48	10.13			min; cental		
	10.46	10.22	10.47	10.10		Close	Previous	High/Low	
	9.90	9.55	0	9.96 0	Mar	428/2 427/0	427/2 426/0	431/4	426/4
•	10.11	9.66	10,14	9.81	Jul	407/2	406/2	429/4	428/0
<u> </u>	10.13	9.85	. 0	0	Sec.	412/4	412/0	414/2	411/4
щ		cents/los			Mar	424/0	423/0 426/0	424/6	421/4
	Close	Previous	High/Lo		LINE		,000 lbs; cen		0
7	59.36 . 59.76	89.45 69.87	50.00	59.05 59.43		Close	Previous		
	59.80 58.60	59.75	59.90	59.50	Fee	75.37		High/Low	
	58.60	55.75	56.65	58.65	Apr	76.72	75.67 76.70	76.85 76.97	75.35 76.60
	55.70 56.60	55.75 58.65	56.80	58.55 O.	Jun Aug	75.65	75.67	75,75	75.60
•	50.20	59.16	Ŏ.	0	Sep	73.67 73.15	73.57 73.00	73.80	73.66
W	GE JUICE	15,000 lbs	cone/3		Oct	72.82	72.67	73.15 72.87	73.15
_	Ciose		High/Lo		Dec Feb	73.90	73.75	73.95	72.57 73.75
÷	138.60					73.70	73.30	73.70	73,60
,	136.80	134.80	189.00 187.10	138.50 134.40	TAE	OGS 30,0	00 lb; cents/1	bs	
-	136.50	188.50	136.70	133.96		Close	Previous	High/Low	
		133.20	136.30	133.66	Feb	42.60	42.30	42.85	<u> </u>
•	133.10 130.95		- 133.00 ·	131.00 - 129.50	Apr	42.30	41.65	42.40	42.52 41.90
-	130.40	127,70	D	0	Just	47,32 47,82	46.97	47.52	47, 10
,	190.40	127.70	0	. 0	Aug .	46.20	47.37	47.75	47.42
	130.40	127.70	0	0	Oct	44.05	43.95	47.05 44.30	46,45
'n	CES				. Dec	45.75	45.35	45.80	43.80 45.47
_				4 - 40%		46.40	46.65	46.73	46.40
				1 - 100)	PORK	8 <b>21.1</b> 29	40,000 lbs; ce	ente/lb	
_	Feb 7	Feb 6	wings of	o yr ago	· <u>·                                    </u>	Close	Previous	High/Low	<del></del>
	1967.6	1906.1	.1987.A	1745.5	Feb	38.30	39.60		
_	JONES (	lese: Dec.	Si 1974 -	100)	Mer	38.32	38.30	38.80 38.70	38.25
700					Mary	39.17	39.56		
×.		135.74	143.00	129.40				39.70	30.06
ŧ,		135.74 139.27	145.89	128.40 138.19	Jul Aug	39.97 39.30	40.45 39.95	39.70 40.70 40.40	39.06 39.30 39.25



Turnever 7450 (12968) lots of 100 tonnes

#### LONDON STOCK EXCHANGE

# Equities checked at FT-SE 2,106 Schroder Securities. Schroder Securities. Schroder Securities. The Dates Schroder Securities. Schroder Securities. The Dates Schroder Securities Schroder Securities. The Dates Schroder Securities Schroder Securities. The Dates Schroder Securities Schroder Se

UK EQUITIES continued to move ahead yesterday in the wake of markets in the US and Japan, encouraged also by renewed demand for blue chip stocks from some UK fund managers still underweighted in the London equity market. Wall Street exercised its newly-revived sway over London. which showed a gain of more than 32 points in late afternoon when the New York market opened with another sharp rise. In later dealings, London paid the price for its slavish pursuit of Wall Street, slipping back from the FT-SE 2,100 area as Wall Street also fought to hold on to a significant chart

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Acc	ount Des	Soy Date	
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Account D	Mar	6 Ma	r 25
Tiops Supa 2.50 gas 1s	o jacines d	ticks place tic exitor	rom
	_		

At the close, the FT-SE Index was 23.4 up at 2096.2, having touched 2006.1 earlier. The fallure to hold above FT-SE 2,100 was mirrored in the struggle by the Dow Industrial Average to hold at 2,350 in early trading in New York, "both represent important testing levels," commented Mr Robin Aspinall of

FT-A All-Share Index

Seaq trading volume increased sharply towards the close, bringing a total of 830.9m shares, not far behind recent

record totals. To some traders, the late activity suggested that profits were being taken and that some market makers were beginning to trim their books ahead of the new trading Account. From today, equity deals may be struck for the new Account at a premium price. More important, however, will be changes in equity reporting coming into force on Monday. Large equity deals — above £100,000. — will no lon-ger be reported immediately on the Seaq screens and market

**Equity Shares Traded** 

Turnover by volume (million)

London made a strong start with buyers clearly unwilling to be left behind again as New York and Tokyo repeated their strong overnight performances. The Footsie Index was 24 points up at its first calcula-tion, and the 2,100 mark was soon challenged, but not bro-ken, as the running was again taken up by ICI and Glaxo and their kindred international issues. A handful of small buy/ sell trading programmes worked through the market. The consensus view of the City strategists seemed to be

346p, Dixons, a penny lighter at 163p as bid interest waned, and Next, still unpopular with

the analysts, 1 off the day's

opening at 149p.

The front-line electronics

issues ran into profit-taking -we've tended to overperform

on the way up so we are taking

makers will not be obliged to deal at their Seaq screen quotant yet." County NatWest, one not yet." County NatWest, one of the major UK securities houses, has raised its year-end target from FT-SE 2,100 to 2,300, agreeing with many others that, "there is still a considerable amount of domestic and overseas money" waiting to be allocated to UK equities.

However, a correction is widely considered likely in the near term, with the progress of the US economy an important factor in view of the recent US employment data which has raised fears of a tightening in Federal Reserve credit policies. London will watch Wall Street's overnight progress

with more than usual interest. Bridon advanced sharply, gaining 13 to 198p as analysts began to upgrade the stock following the proposed demerger of its TWIL interests. The group will receive £25m, three TWIL subsidiaries plus tax credits in return for its 40 per cent stake. Fresh whispers of expansion by acquisition lifted Rank Organisation 20 to 890p while revived bid speculation lifted English China Clays 11

Still reflecting the property revaluation surplus, Manches-ter Ship Canal rose 1% to £21 while comment on Tuesday's good annual figures raised Securicor 20 further to 580p. ADT, strong recommended by Shearson Lehman Hinton, went higher to 138p and TT

Group vaulted 22 to 242p. Thomson T-Line eased as the board capitulated, recommending acceptance of the Ladbroke offer of 90p a share. Hanson noted the announcement and later reported the sale of its holding of 8.5m Thomson shares (5 per cent).

Japanese buying took Trafal-gar House up 8 to 345p in the wake of a seminar at Nikko Securities on construction business prospects in London. Continuing stories that United Newspapers had dis-posed of its Fleet Street prop-erty for around £89m put the shares up 9 further to 463p. Other newspaper issues also moved into higher ground.

Properties returned to favour after recent lacklustre performances, with leaders MEPC and Land Securities climbing 9 to 583p and 12 to 600p respectively. Developers were particularly keenly sought, as Rosehaugh jumped 25 to 567p and

FINANCIAL TIMES STOCK INDICES Feb. Feb. Feb. Agg High е Low Low Government Secs 91,43 86.18 (18/4/98) (14/12/68) (9/1/35) (3/1/75) 97.63 97.45 94.14 105.4 50.53 (8/1/88) (29/11/47) (3/1/75) Ordinary 1689.0 1867.8 1368.4 1714.7 1349.0 Gold Mines 168.2 165.8 155.3 166.9 312.5 160.7 734.7 43.5 (7/1/88) (3/1/89) (15/2/83) (26/10/71) Ord. Di. Yield
Earning Yid %(fuil)
P/E Ratio(Net)(\$\times)
\$\times A Bargains(5pm)
Equity Turnover(2m)t
Equity Bargains†
Shares Traded (mi)t 4,38 10.98 11.05 4.34 10.87 11.17 4.25 10.65 9 S.E. ACTIVITY 10.80 11.23 Feb.6 Feb.7 11.39 33,153 1250.67 38,322 516.7 40,423 1051.03 46,400 454.0 40,053 1424.87 41,223 43,973 93.5 300.7 Gilt Edged Bargains 91.8 246.3 Equity Bargeins Equity Value 42,583 654,0 2527.9 2124.4 5-Oay average Ordinary Share Index, Hourly changes ●Opening ●10 am ●11 am ●12 pm ●1 pm ●2 pm ●3 pm ●4 pm 1715.0 1716.2 1710.7 1715.0 1715.9 1719.2 1721.2 1713.5 Equity Bargains 315.8 285.3 2901.6 3163.9 DAY'S HIGH 1723.5 DAY'S LOW 1710.2 London Report and lates Basis 100 Govt. Secs 15/10/28, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ANII 11.32 (Excluding Intra-m.

## Agency leader debate

Investors seemed to take sides yesterday over agency leader Blue Arrow, and this caused bouts of heavy trading without disturbing the share price to any great extent. After Tues-day's preliminary statement, which dashed speculation of possible disposals, some analysts were prepared to give Mr Mitch Fromstein, the new chief executive, the benefit of doubts

over prospects for the group.
Others took the view that the shares were standing at an undeserved premium to the market and similar competitors. Mr Andrew Mills of BZW, one of several researchers to slash future profit projections, issued a "sell" notice immediately. Blue Arrow operates in the highly cyclical employment services market which has been slowed down by higher interest rates, he commented, cutting his 1989 profit estimate from £102m to £84m.

Citicorp Scrimgeour Vickers analyst, Ms Rebecca Munns, had already advised clients to sell into strength before Tues day's annual results. "Investors should keep away in the short-term", warned Ms Murns, who has lowered her forecast to £85m.

The trading scapario reas

The trading scenario was further complicated when the marketmaking arm of UBS Phillips & Drew suddenly changed the screen size of the number of shares it was pre-pared to offer or bid from 5,600 to 500,000, more than double that of its rivals, Turnover eventually reached 17m shares, although the price closed only a penny easier at 90p.

#### Composite action

Activity in the composite insurance arena was centred on the two companies, Com-mercial Union and Royal Insurance, where Adelaide Steamship, the Australian company run by John Spal-vins, has significant share

Dealers said there was per-sistent and sizeable selling of Royal Insurance shares by one securities house thought to have acted for the Spalvins interests when the Royals share stake was being accumulated before the steep fall in the market in October 1967. The shareholdings were last

revealed as being 8.03 per cent in Commercial Union and around 7.8 per cent in Royals, with the stake in the former increased at the end of January. The aggressive selling of Royals and keen interest in Commercial Union was inter-

#### 600 1000 400 950 Dec Jan Feb

preted by traders as suggesting the Adsteam holding in Commercial was being increased again at the expense of the Royals holding. CU shares moved up 3 to 398p on turnover on 2.4m while those of Royals retreated to 443p on turnover of 3.9ml

#### French speculation

Speculation in the insurance sector that French group Union Assurance de Paris had been back into the market huy-ing shares in leading UK life group focussed attention on Sun Lifa where the French group last year acquired a size-able stake in the company, subsequently boosting it to the recently-announced level of 19.24 per cent. Although turnover in Sun-

Life was at minimal levels yesterday, dealers took the view that the French group had defimitely been back in the marketrecently and that an announce ment of an increase in its holding is imminent.

Dealers said the share stake could well have been increased by around 1 per cent or per-haps more. Sun Life shares made strong progress through-out the day and settled a net 30. Ingher at 10000.

Nurther support from the UK investment institutions took

KI up 20 to break through the

indicating both the continued demand for the market leaders and also the approach of the chemical group's 1968 results, due a week next Wednesday. ICI shares have tracked the market upturn almost exactly since the beginning of January, to show a gain of around 1 per cent for the month and 6

per cent for the past six months. Some analysts doubt if the shares can outperform in the near term.

Mr Mike Lewis of Hoare Govett, predicting that ICI will turn in a 13 per cent gain in profits to £1.48m for 1988. believes that the stock will find difficulty in breaking out of its current trading range.

The international stocks continued to lead the market, but closed off the top as Wall Street stumbled in early deals. Once again, Glaxo found ready support, closing a further 18 to the good at 1287p. Beecham, still active with 5.8m shares traded, closed 14 higher at 586p.2m, while Fisons, still benefiting from relaxing tensions over Lyphomed's prog-ress towards aerosolised anti-Aids treatment, added 4 to

Burton were once again the highlight of a weak Stores sector, the shares closing 7 firmer at 220p on impressive turnover of 7.3m in the wake of a number of recent bullish analysts' circulars. The second most active stock was Sears, which ended steady at 125p as 65m shares changed hands, while Storehouse were also husily traded, finishing a penny asier at 191p on volume of

Sen showed signs of running out of their early week 10 to 1158p, after 1163p. Ward White and Woolworth, two diy-related stocks, returned to strength after recent weakness, the former adding 7 at 249p and the latter 5 at 290p. Among those to close easier were John Menzies, the newsagents group which ran into concerted profit-taking and closed 8 lower at .

#### **NEW HIGHS AND LOWS FOR 1988/89**

NEW HIGHE (1872).
BESTIGHT FLIKOR (18) AMERICAME (16)
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ment. He began his TV career with the BBC in the early 1950s

as a producer and director of

sports programmes such as "Sportsview," and was the first

producer/director on "Grand-

subsidiary of Mark McCor-

mack's International Manage

ment Group, TWI produces TV

sports programmes worldwide.

It won a £155m contract from

Cheshurn, Rank Org., Beckrit & Colman,
Sale Tilney, Scapa, Securicor Grp., Security
Servs., Serco, Shanks & McEwan, Slobe,
Smiths Inda., Silm. Businees, Sparvicor,
Stornguard, T & N. Unitever, Wartsile.
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LESBURTE (6) MOTORS (4) Gen. Motors,
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OVERSEAS TRADERS (2) PLANTATIONS
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Lettern.C.L. S (1) Cray Elect. MOUSTRALS
(2) Moskether Valors, REISBURGERS (1)
(1) Mollegegrange, Sharp & Law, LEBBURG.
(2) Mollegegrange, Sharp & Law, LEBBURG.
(3) Vertexspoot, Western
Arama, Aquaries Expl., Paragon Res., West

a breather relative to the mar-ket", said one trader. Amstrad confounded the

bears as the shares spiralled npwards to close 9 higher at 174p on turnover of 8m ahead of next week's interim figures which are expected to come out between £75m to £80m. A stock shortage was said to have been responsible for the

latest npturn in the Racal twins, with Telecom up 8 at 283p and Electronics 5 firmer at 353p. There was a big seller about in Ferranti which underperformed the market and set-

tied 1% off at 105p on 3.9m.
GEC edged np 1% to 248p and Plessey to 248p on 1.4m with the market sensing that GEC/Siemens may well up its offer for Plessey if it gets the expected go-ahead from the MMC to renew the joint offer.

The agreed bid from P & P saw Personal Computer leap 82

to 222p, while speculation of a possible 240p a share offer from Pilkington or Thomson CSF of France pushed United Scientific up 9 more to 213p. VG Instruments jumped 30 to 297p amid hints that BAT Industries may well be considering selling on its 70 per cent stake in the

A downgrading by Warburg Securities - to £285m for the current year and £335m for the following year — unsettled Thorn EMI which slipped 10 to

718p. Elders IXI, bid target Scottish & Newcastle dropped sharply against the trend and closed 7 easier at 422p as a short im shares changed hands. Profit-taking was mostly to blame for the sharp tors taking their money as the S&N price moved further above the 400p first offered by Elders. The market expects Elders to come in with a new offer around 450p for the UK brewer if the Monopolies and Mergers Commission clears the bid next month. "As S&N nears 450p shareholders will increasingly be tempted to take profits immediately rather than wait for a new bid," explained one analyst.

Foods were quita actively traded, with a string of stocks seeing volume around 3m shares. Tate & Lyle was one of the busiest, climbing 5 to 250p on turnover of 3.5m shares as BZW increased its profits forecast for the sugar group by £10m to £180m for year-end 1969, and by £4m to £199m for 1990. "Recent ontperformance after a positive agm statement leaves the shares looking fairly valued on fundamentals," said

## TRADING VOLUME IN MAJOR STOCKS



the sector, adding 14 at 662p. Control Securities firmed 21/2 to 52p in the wake of further acquisitions of public honses from Brent Walker.

A timely reminder from Mr Robert Sassoon of County Nat-West WoodMac to accumulate Harrisons & Crostield ahead of the annual results, expected in May, found Overseas Traders generally responsive. Following a recent visit. Mr Sassoon has trimmed his estimate of group profits to £123m but be sees no need to alter the earnings forecast and expects growth in excess of 30 per cent. Demand for Harrisons & Crosfield shares, np 30 at 734p, aroused good support of Inch-cape, 12 higher at 251p, and Lonrho, which ended 10 better

at 351p.

very positive stance on Sovereign Oil, shares of which jumped to 180p before settling a net 3 higher at 177p. Labelling Sovereign a "buy" Shear-son's Mr Peter Hitchens says the company is "moving into a growth phase" and that there is "scope for upward revision of asset value as recoverable reserves on Claymore and Emerald are expected to be upgraded in the near future." Mr Hitchens also says Finnish group Neste Oy's intentions, in building up a 29.9 per cent stake are far from certain.

Burmah, one of the energy sector's best performers in recent weeks, took a tumble, closing 6 off at 548p after BZW told clients to "lighten their holdings." BZW says hopes of a bid for the group from Pennzoll have faded after the US company took a 9 per cent stake in

gas company Burlington Regources BP improved with the old

dging ahead to 275p, boosted by Citicorp Scrimgeour Vickers whose oil team says "recent profit downgradings for BP are now in the market and on relative yield considerations we think there is scope for 5 per cent or so appreciation in BP against Shell.

GEC lad the field in traded

options on 3,883 contracts almost entirely calls and largely taking-up of positions, particularly in the April 200s and 220s. British Petroleum and TSB also figured strongly Overall dealings came to 53,415

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25

#### **APPOINTMENTS**

## Satellite TV sports chief

Mr Bryan Cowgill, former managing director of Thames Television, has been appointed managing director of CHAM-PION TELEVISION, which will provide sports programming for British Satellite Broadcasting. More recently known as the person brought in by Robert Maxwell to rescue the Commonwaaith Games, and described as "the man who shaped sport for television in Britain and set a standard for the rest of the world" Bryan Cowgill has over 85 years experience in television production, direction and manage-

Mr J. Butterfield has

become chairman of PLATON

Vigar remains chief executive;

Mr M.C.G. Drury and Mr D.A.

Wooler have been appointed

to the board. Mr B.J. Collier, Mr R.E. Fischbacher and Mr

J.K. Steward have resigned

■ Mr E.A. (Ted) Croker has

been appointed chairman of

specialist publisher
HARRINGTON KILBRIDE &
PARTNERS. He was chief

Mr Nicholas Davenport, Mr

executive and general

Colin Furby, Mr Paul

secretary of the Football

secretary.

Association.

as directors, but Mr Steward continues as company

INTERNATIONAL; Mr A.D.

BSB to provide 13 hours of sporis coverage every day for five years. Mr Christopher London, Mr Alan Milsom, Mr Edward Moss, and Mr John Sanderson.

Mr Paul Fitzgerald has been. appointed finance director, Mr Adrian Palmer becomes sales and marketing director. and Mr Barry Everett after sales director at SEAT UK.

Mr A.I. Kingshott, director of the international banking division of Lloyds Bank, has been appointed to the board of the CROWN AGENTS.

■ BRENNTAG (U.K.) has appointed Mr Edward F. Guyver as its finance director.

Mr Peter Hogg, deputy managing director of PROVIDENT FINANCIAL Appointed directors of WILLIS FABER & DUMAS are: GROUP, has been appointed chairman of Erringham Holdings, a hire purchase Hastings, Mr Alan Hedgecock,

#### New chairman at Westland

Sir John Cuckney bowed out as chairman of WESTLAND, the British helicopter company, yesterday (as expected) at the conclusion of the company's annual meeting, writes Clare Pearson. At the meeting, stand" when it began over 30 years ago. Champion Television is the UK subsidiary of Trans World International. A there were words of praise from shareholders for his contribution during the 31/2 years of his tenure. He is succeeded by Sir Leslie Fletcher, 66, who was appointed joint deputy chairman last September. Sir Lestie is also deputy chairman of Standard Chartered and chairman of Standard Chartered Merchant Bank.

> company recently acquired by Provident. Mr Roger Cummings, managing director of the People's Bank, has also joined the board. Mr Cummings also become chairman of Lynn Regis Finance, Erringham's trading company, and Mr Paul Newton, finance director of the People's Bank, joins the

> m Mr Paul Downey, deputy actuary, has been promoted to actuary of NATIONAL MUTUAL LIFE ASSURANCE SOCIETY, in succession to Mr Walter Jackson, who has retired.

■ GLYNWED INTERNATIONAL has appointed Mr Jon Pither as a director. He is managing director of Amari, a

wholly-owned subsidiary acquired last summer. He will be responsible for a new metal services division.

Mr P.S.A. Wilkins has been appointed director and technical executive of COSWORTH RESEARCH & DEVELOPMENT.

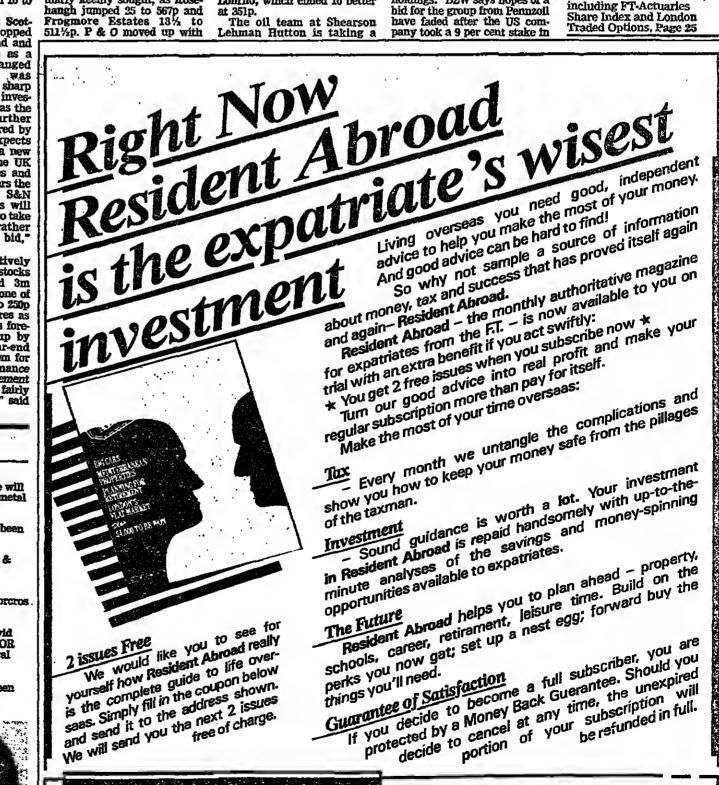
Mr Tim Rix has been appointed a director of Norcros Developments.

■ On February 20 Mr David Laxton joins CHANCELLOR INSURANCE CO as general manager finance.

■ Mr John Robson has been appointed a director of DUNCAN LAWRIE.



Mr Tony FitzSimons (above) has been appointed managing director of the BRISTOL & WEST BUILDING SOCIETY from February 27. He was managing director, personal banking, Citibank.



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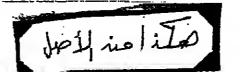
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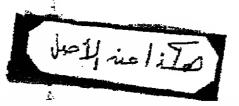
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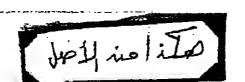


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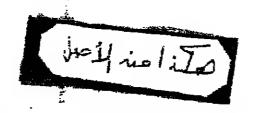


36	FT UNIT TRUST I	NFORMATION SERVICE	FINANCIAL TIMES THURSDAY FEBRUARY 9 1989  Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128
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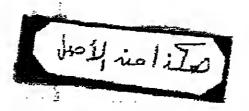


## LONDON SHARE SERVICE FT UNIT TRUST INFORMATION SERVICE Miles - Gran **BRITISH FUNDS FOREIGN BONDS & RAILS** BRITISH FUNDS—Contd Price + or Bir % Rad. 5 - Gree Yield 40 ... 3.50 f8.75 40 ... 27 7.50 40 ... 27 7.55 12912 +13 15.00 10.41 12652 +23 12.50 11.14 97 +2 9.75 10.35 1988/09 | Shuck | Shuck | 45 | 33 Greek 7 to Ass. | 45 | 33 Greek 7 to Ass. | 45 | 33 Do Ago Mingd Ass. | 49 | 13 Do Ago Mingd Ass. | 49 | 13 Do Ago Mingd Ass. | 40 Si 126 Si Hystro Quebe: 15 to 2011 | 111 | 61 | 34 Suchan 14 2 to 12 0216 | 101 | 37 In teland 9 In pc '91-96 | Gartesser Bewestprinett Ltd Gartesser Poul Management Ltd Gartesser Poul Management Ltd Gartesser Poul Management Gartesser Poul Management Gartesser Poul Management Gartesser State Gartesser Gart Contemporary Co Index-Linked **AMERICANS** \$65882\*\* Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (le 8 months prior to issue) and have been adjusted 10 reviect rebesing of RPI 10 100 in January 1987. Conversion factor 2,945, RPI for May 1988:106.2 and for December 1988:105.2 OTHER OFFSHORE FUNDS +0.01 +0.01 +0.03 Five to Fifteen Years Advans & Meritle Fund Mary (Guernary) Workings that Fund Az. 11.83 1.91 Workings that Fund Az. 11.83 1.91 Workings that Fund Az. 11.83 1.94 Workings Ener Cos. 51.01 1.04 | Winterland | Win 111 100 Birminsham 13-pg 1989. 100-b 13-43 11-20 115-b 101-17 100 11-pg 2012 102-b 112-2 11-20 1 55.00 5214 534 530 +0.03 +0.01 +0.05 +0.24 +0.02 +0.02 +0.01 ASA.81 033.06 0444.91 54.45 64.94 54.89 Y498 0M4.95 64.95 45.08 7495 AElua Inti Assurance (Bernanda) Lid Over Fifteen Years Years 1133 + 11 10.1 1069 + 2 92 1071 + 11 9 1 1071 + 12 9 1 | HeatMarson Management SA | HeatMarson Manageme | Strength | Strength

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#### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

## Dollar looks to Bush speech

THE DOLLAR'S underlying tone was firm ahead of today's address before the US Congress by President George Bush. Trading was quiet however, with the US currency confined to a narrow range.

If anything the mood was possibly showing signs of mov-ing against the dollar, even though this did not show up in exchange rates. The dollar's proolems are in some ways similar to sterling's in that the market is discounting continued high interest rates and an improvement in the economic

situation. Both the dollar and the pound remain very strong against the I-Mark, but doubts are beginning to surface about how long this situation will continue, against the back-ground of a strong West German economy and a more restrictive monetary policy by the Bundesbank, narrowing the interest rate differential in Frankfurt against New York

and London. President Bush may need to produce some convincing pro-posals for cutting the US budget deficit in his congressional address if the dollar is to remain firm. It was suggested that if Mr Bush disappoints the market, and there is no further sign of monetary tightening hy the Federal Reserve, the dollar could start to slide.

#### C IN PIEM VORE

Latest	Frevious Close
1,7420 - 1,7430 0,48 - 0,47pm 1,59 - 1,36pm 3,72 - 3,65pm	1.7368-1.737 0.49-0.47p 1.39-1.37p 3.75-3.55p
	1,7420 - 1,7430 0,48 - 0,47pm 1,59 - 1,36pm

#### STERLING INDEX

		Feb 8	Previous
8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.00	am	97.6 97.5 97.5 97.5 97.5 97.5 97.5	97.1 97.1 97.2 97.2 97.2 97.4

#### **CURRENCY RATES**

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PART END PART	Ann Ann E	-h 7	

#### **CURRENCY MOVEMENTS**

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Morgan Guaranty	changes: a	verage 1980-

#### 1985=100) \*\* Rates are for Feb. 7.

OTHER CURRENCIES				
Feb.B	Ē	S		
Argentina Acstralia Brazil Fistand Greece Hong Kong Iran Korea Sthi Luneanbourg Malaysia Mexico N. Zealand Sand Ar Singapure S Al Sra Jawan	39.9300 40.1300 1.9525 - 1.9520 1.7536 - 1.7450 7.5226 - 7.5325 524 15 - 273 65 13.5950 - 13.6100 122.50° 1176 60 - 1186 10 0.50210 - 0.50240 68.30 - 68.40 4.7510 - 4.7625 4.056 60.4025 75 2.8005 - 2.8325 6.5227 - 6.5380 3.3550 - 3.3605 6.400 - 6.9195 4.701 - 4.2610 6.8420 - 6.9195	22,9000 - 23,0000 1,1215 - 1,1225 0,9950 - 1,0000 4,3180 - 4,3200 154,35 - 157,15 7,7980 - 7,8010 70,007 677,90 - 683,10 0,2833 - 0,28945 2,7270 - 2,729 2,7270 - 2,		

**MONEY MARKETS** 

## UK rates steadier

unchanged rates.

A further revision took the

forecast to a shortage of around £550m, and the Bank

around £550m, and the Bank gave additional assistance in the afternoon of £230m through outright purchases of £121m of eligible bank bills in band 1, £85m in band 2, £2m in band 3 and £22m in band 4, again all at unchanged rates. Late help came to £120m, making a total of £455m.

of £455m. West German interest rates

were subjected to upward pres-sure after a smaller than expected allocation of liquidity

at the Bundesbank's latest sale and repurchase tender. The authorities allotted a total of

DM12.4bn, which failed to com-

pensate for a maturing facility draining DM13.5bn.

The rate at which funds were allocated varied between 5.7 per cent and 5.95 per cent

5.7 per cent and 5.95 per cent to 6.1 per cent at the previous tender. While the top accepted rate was lower, the minimum bid rose, and it was around this lavel that most of the applications.

applications were made. However, the latest level of allot-

ment is no cause for excitement, according to the Bundesbank president. Some traders have been worried by

the recent decline in the

D Mark against the dollar.

stressing that a weaker D-Mark is likely to exacerbate domestic

inflationary trends.

UK INTEREST rates have been contained within a relatively narrow band just recently. There is little clear indication of how rates are likely to move in the short-term, and with the life like like like the short-term. UK Budget less than five weeks away, most investors have been rejuctant to make a decision one way or the other. The key three-month interbank rate was quoted at 13-12% per cent yesterday, unchanged

## UK clearing bank base leading rate 13 per cent from November 25

from Tuesday. Overnight money remained fairly tight, opening at 14 per cent and still commanding 13 per cent by the

commanding is per cent by the close.

The Bank of England forecast a shortage of around £450m. Factors affecting the market included bills maturing in official hands and a take up of Treasury hills, together with repayment of late assistance draining £352m. There was also a rise in the note circulation of £100m. These were partly offset hy banks' halances brought for-

ward £20m above target.
The forecast was revised to a shortage of around £500m, and the Bank gave assistance in the morning of £105m through outright purchases of £27m of eligible bank hills in band 1, £32m in band 2, £43m in band 3 and £3m in band 4, all at

a possible dollar sell off unless fundamental factors, such as rising interest rates and a cut in the budget deficit, provide support. Mr Bush will not address

Congress until after the mar-kets close today, and the main factor to watch for could be the West German trade figures for December, to be released this morning. These are expected to show a visible surplus of about DM12.8bn, little changed from the November surplus of DM13.1bn.

The Bundesbank appeared to take a fairly relaxed view of the situation yesterday, after tightening credit conditions in Frankfurt. The central bank failed to fully replace an expiring securities repurchasa agreement with the commer-cial banks, thus draining liquidity from the domestic

money market. There was no intervention by the Bundesbank to support

From a technical point of view charts also point towards The currency market took its lead from Tokyo where the dollar opened at Y129.50 and closed at the same level, after moving in a very narrow range of Y129.40 to Y129.53. A dealer commented that this was not a trading range, hut just a

> At the London close the dollar had moved up to DM1.8720 from DM1.8675; to Y129.55 from Y129.25; to SFr1.5905 from SFr1.5865; and to FFr6.3700 from FFr6.3550. On Bank of England figures the dollar's index rose to 67.6 from 67.5. Sterling showed no adverse

reaction to the changing monetary conditions in West Ger-many. The pound performed well, helped by optimism in the gilt and equity markets in Lon-

Sterling gained 10 points to \$1.7435. It also rose to DM3.2650 from DM3.2550; to Y226.00 from Y225.25; to SFr2.7725 from SFr2.7650; and to FFr11.1050 from FFr11.0725. The pound's index rose 0.1 to 97.5.

ems e	UROPE	an curi	RENCY	JNJT RAT	ES_
	Eco cestral rates	Corrency amounts against Eco Feb.B	% change from central rate	% change adjusted for divergence	Obsergence firalt %
Beiglan Franc	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58	43,7106 8,11379 2,06610 7,09998 2,36537 0,781257 1520,99	+2.95 +3.33 +1.34 +2.84 +1.55 +1.67 +2.52	+1.29 +1.29 +1.20 +1.80 +1.37 +1.5	±1.5344 ±1.5404 ±1.0961 ±1.3674 ±1.5012 ±1.6684 ±4.0752

POU	ND SPOT	FORWAR	D AGAIR	IST 1	HE POU	ND
Feb 8	Day's spread	Close	One month	P.A.	Three months	% p.a.
US. Cassada Netherlands Belgium Denmark Ireland W. Germany Portugal Soain Italy Morkey France Sweden Japan Austria Swhtzerland	225 · 2264 22.40 · 22.98	1.7430 - 1.7440 2.0535 - 2.045 3.68 - 3.69 88.30 - 68.40 12.705 - 1.2715 1.2715 - 1.2725 3.26 5 1.255 207.74 - 2378 1 11.794 - 11.694 11.10 11.11 11.084 - 11.094 22515 - 2265 2275 - 2298 2764 - 2774	0.49-0.46cpm 0.34-0.21cpm 1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	3.20 1.50 1.50 1.50 1.50 1.50 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.6	1.40-1.35pc; 0.76-0.57pc; 51-51pm 87-78pm 145-1.35pc; 1.45-1.35pc; 1.45-1.35pc; 6-4pc; 6-4pc; 1.10c; 1.45-25pc; 4.5-45pc; 4.5-	3.12 5.22 4.45 4.45 6.27 0.19 0.19 1.60 7.80 6.56

Feb.8	Day's spread	Ouse	One month	% P4	Three months	2.a.	
UKt IreLandt	1.7370 - 1.7460 1.4240 - 1.4275	17430 - 17440 14240 - 14250	0.49-0.46cpm : 0.20-0.25cdis	3.27 -1.89	1.40-1.35pm 0.58-0.68ds	-1.7	
Caoada	L1815 1.1870	1.1855-1.1865	0.14-0.19alis	-1.67	0.52-0.59ds	-1.8	
Netherlands .	2.1105 - 2.1165	21135 - 2.1145	0.45-0 42com	2.47	1.39-1 35pm	2.5	
Belgium	39 10 - 39 30	39.15 - 39.25	7.00-5.00cpsn	1.84	18.50-14.50pm	1.6	
Denmark	7.264 - 7.294	7.283 - 7.294	0.85-0.60orep#4	1.20	2,50-2,15pm	1.7	
N. Germany	1.8685 - 1.8750	1.8715 - 1.8725	0.47-0.44pfpm	2.93	1,44-1,40cm	3.0	
ortugal	1534 - 1534	1534 - 1531	15-35atis	1.96	70-110ds	-2.3	
oals	116.20 - 116 80	116.40 - 116.50	24-29cdls	-2.73	84-92dis	3.6	
taly	13624 - 13664	13634 - 13614	2.20-2,701\reds	-2.16 -1.69	8,00-8,50ds	-24	
located	6.754 - 6.774	6.764 - 6.774	0,85-1,05oredis	-1,69	2.45-2.75/k	•1.5	
r3000	6.364 - 6.38	6.36 4 - 6.37 4	0.25-0.19cpm	0.41	0.80-0 65pm	0.4	
weder	6-34% - 6.36%	6.354 - 6.364	0.55-0.70oredls	-1.18	1.45-1,75ds	-1.0	
aman	129.30 - 129.70	129.60 - 129.70	0.52-0.50ypm	4.73	1,56-1,53pm	4.7	
ustria	13 15 - 13 1712	13.17-13.1712	3,35-2,85gropm	2.83	10.50-9.00pm	2.9	
instatrland.	1.5860 - 1.5940	1.5900 - 1.5910	0.45-0,42cpm	3.28	1.39-1.35pm	3.4	

EURO-CURRENCY INTEREST RATES											
Feb.8	Short. term	7 Days notice	One Month	Three Months	SL¢ Months	One Year					
terling  S Dollar  St. Dollar  Collider  Franc  Strain  Franc  Fr, IFIN  Fr, (Con.)	134-13 94-83 24-83 24-6 54-55 54-54 81-84 64-54	134-134 94-9 114-41 64-6 54-64 53-54 84-84 114-114 74-7	134-13 93-94 114-109 65-65 54-55 85-84 113-114 75-75	13-123 912-93 112-112 63-612 53-514 62-612 91-612 8-7-7	12:-12: 94:93: 11:54:51: 6:35:51: 6:35:49 12:51: 84:71:	121-121 94-94 114-114 64-64 513-513 64-64 91-913 122-121 84-84					

Long term Eurodollars: two years 9%	9% per cent; three years 9%,	-9% per cent; four years 9% rs and Japanese Yea; others	-9% per cent, flw
ars 9½-9¼ per cent cominal. Short ter	a rates are call for US Dollar		s, two days' ootice
			4

EXCHANGE (						CROSS RATES					
Feb.8	٤	5	ОМ	Yes	F Ft.	S Fr.	H Ft.	Lira	C5	В	
£	1 0.573	1.744 1	3.265 1.872	226.0 129.6	1111	2.773 1.590	3.665 2.113	2378 1364	2.064 1.183	68 39	
YEN	0.306	0.534	14.45	69.22	3.403	0.849	1.129	728.3	0.632	20	
DM	4.425	7.717		1000.	49.16	12.27	16.31	10522	9.133	30	
F Fr	0.361	1.570	2.939	203.4	10.	2.4%	3.317	2140	1.858	61	
S Fr.		0.629	1.177	81.50	4.006	1	1.329	857.6	0.744	24	
H FL	0.271	0.473	0.586	61.33	3.015	0.753	1	645.3	0.560	18.	
Lira	0.421	0.733	1.373	95.04	4.672	1.166	1.550	1000.	0.868	28.	
CS	0.464	0 845	1.582	109.5	5.383	1.344	1.785	1152	3.020	33	
B Fr.	L463	2.552	4 777	330.7	16.25	4.057	5.391	3479		10	

## FT LONDON INTERBANK FIXING CLL.00 a.m. Feb.S) 3 months US dollars

Clumchtime   Commonth			AONE	Y RAT	E\$		
Prime rate	NEW YORK			Treasur	Bills and	Bonds	
North   Month   Mont	Prime rate Broker (can rate Fed funds	101 <sub>3</sub> -1 <sub>4</sub>	Two month Three month Sig month One year		8.83 Four 8.83 Five 1 8.96 Seven 9.09 10-ye	7627	9.09 9.02 8.97 8.93
Parts 84.84 84.84 84.84 84.84 84.84 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2 7.2	Feb.8	Oversight				Six Months	
	Parts Zurich Ansterdam Milan Brussels	84.84 43.51, 4504.75 31.33 113-124 820	812-811 512-54 6.46-6.56 413-413 12-1-124	813-613	811-97 514-57 6.56-6-68 47-45 121-121	94-94	6.00 7.25 - - - - -

LONDON MONEY RATES											
Feb.8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year					
nterbank Offer nterbank Bid Sterling COs	14 13	134	151e	13 127 128 127	12 H 12 H 12 H 12 H	12½ 12½					
ocal Authority Deps	13	13	131	-	125	121 121					
Discount Mikt Deps Company Deposits Triance House Deposits .	14	128	121 13 121 125	121 121 13 121	121, 121,	125 125					
reasury Blils (Buyl Bank Bills (Buyl The Trade Bills (Buy)	-	-	l 12⊾	121 125	1 - ·						
Dollar COs IDR Linked Dez Offer	-	:	9.25-9.20 73	121- 131- 9.40-9.35	1119 122 9.52-9.47	9.75-9.70 B \					
OR Linked Dep Bid CU Linked Dep Offer CU Linked Dep Bid	:	-	715 816 816	87 88 14 80 88 88 88 88 88 88 88 88 88 88 88 88 8	8 12 12 12 12 12 12 12 12 12 12 12 12 12	8 84 84					
Treasury Rills (coll)		121									

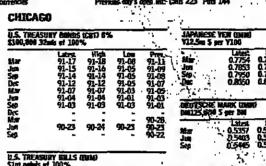
#### **FINANCIAL FUTURES**

## Short sterling falls back

SHORT STERLING futures failed to build on a firmer start yesterday and slipped back to finish unchanged from the close on Tuesday. Values were pushed up initially by a strong performance in the US bond sector, and later by news of no real tightening in West German interest rates. Howevar. man interest rates. Howevar. the March contract failed to hreak resistance at 87.31 and fell hack to close at 87.25

Estimated volume total, Calls 5338 Pets 1735 Previous day's oseo lot. Calls 32507 Pets 20198





Est., Vol. (Inc., figs. not shown) 14467 (19981) Previous day's open Int., 59533 (59974)

FT-SE 100 INDEX £25 per full lastez point Close High Low Pres, 213.20 214.20 211.90 209.80 217.40 218.00 216.50 214.00 Estimated Volume 4870 (3669) Presions day's open int. 15987 (15722)

Estimated Volume 125 (48) Previous day's open inc. 217 (325)

Estimated Volume 353 (300) Previous day's open tot. 698 (663)

US TREASURY BONDS 8% \$109,080 3246 of 108% Estimated Volume 4817 (3157)
Previous day's open ins. 12972 (12651)

Estimated Volume 10755 (9450) Previous day's open Int. 20183 (20731) POUND-S IFBREIGN EXCHANGED 1-mth 3-mth 6-mth 12-mth 17388 1.7298 1.7191 1.7058 1.7352 1.7230



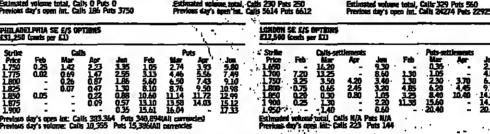
released today.

US Treasury bonds contin-

year Treasury notes.

against 87.26 at the opening.

Long gilt futures were also
boosted by the performance in ued to improve, following a favourable response to the latest US Treasury three-year note auction. Later trading in Chicago took on a more cautious note as dealers awaited the outcome of the next leg of the authorities, refunding note. the US bond market but. unlike short sterling, managed to hold on to early gains. While prices came off their highs in the last 15 minutes of trading, sentiment in some quarters was underpinned by rumours of a favourable economic outthe authorities' refunding programme some \$9.5bn of 10 look contained in the Bank of England'a quarterly bulletin;

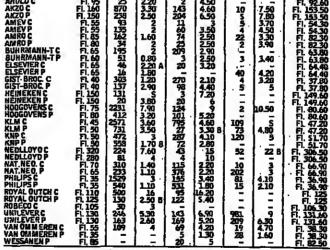




91.47 91.54 91.60 91.55 91.73

EUROPEAN OPTIONS EXCHANGE Vol Last Vol Last Vol Last

28931570 2484164 24575 3.50 A 0.60 3.10 A 4.70 8 3.50 L 133 959 987 550 B



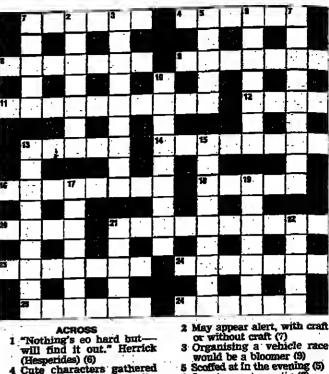
TOTAL VOLUME IN CONTRACTS: 63,283

#### BASE LENDING RATES

		%		%		94
	ABN Bank	13	Clydesdale Bank	13	Mat Westerinster	13
	Adam & Company	ī3 ·	Comm. Bk. N. East	13	Morthern Bank Ltd	ĭĭ
	AAB - Ailied Arab Bk	73	Co-operative Bank	93.	Norwich Ger. Trest	ĭ
	Allied Irish Bank	13	Courts & Co	13	PRIVATuacken Likolitad	ß.
8	Heary Andrecher		Cypras Popular Bk	.12	Provincial Bank PLC	14
_	ANZ Banking Group	Ħ	Dunbar Bank PLC	13	R. Raphael & Sons	19
	Associates Cap Corp	ij	Dancao Laurie	ម		
	Authority Bank	箔			Royal Bk of Scotland	137
8	B & C Merchant Bank	12	Equatorial Bask pic	132	PAYES OF US SCHOOLS	<u> </u>
_	A TO A MICHIGAN DOM	13	Exeter Trust Life		Royal Trest Bank	13
	Bank of Baroda	Ħ	Financial & Geo. Bank		<ul> <li>Smith &amp; William Sess.</li> </ul>	13
	Banco Bilbao Vizcaya	کل	First National Bank Plc.		Standard Chartered	13
	Back Hapoalisa	13	<ul> <li>Robert Flerring &amp; Co</li> </ul>	13	15B	13
	Bank Credit & Comm	13	Robert Fraser & Ptors	1312	United Bit of Kuwait	13
	Bank of Cymrus	13	Girobank	.13	<ul> <li>United Mizzaki Bank</li> </ul>	13
	Bank or Ireland	13	Guieness Mahoe	13.	Unity Trost Bank Pic	Ĩ3 ·
	Bank of India	13	HFC Bank plc	.13	Western Trust	12 .
	Sank of Scotland	12	• Harristos Bank	13 .	Westpac Bank Corp.	<b>~</b> :
	Basque Balge Ltd	12	Heritable & Ges Inv Bok	ĭ	Whiteasay Laidlaw	121
	Bardays Bank	ផ			Youthin Dut	5,5
	Berchmark Bank PLC	∺	• Hill Sames		Yorkshire Bank	بد
	Description Dark Lift —		C. Hoare & Co.			
	Seriner Bank AG	13	Honghoog & Sheaigh			:
_	Brit Bk of Mid East	13	<ul> <li>Leopold Joseph &amp; Sons</li> </ul>		- 8 Meathers of British Men	
9	Brown Stripley	13	Lioyes Bank	.13	Banking & Securities Ho	inse.
	Business Mitge Tst	131.	Mechral Rank   1d	13	Association, "Deposit now 5.	22%
	CL Salx Sections	13	McDonnell Douglas Box	13	Savenise : 8.47%.	Ton
	Cextral Capital _	13	Widland Bank	13	Tier-£10,000+ Instant at	CTAKE
D	Charterboase Back	ĨĴ			11.72% & Martgage base ra	
	Citizank NA	13	Marri Rain Con	.12	Decreased deposit 8%. Mort	1000 A
	City Marchante Rank	#	But Die of Present	12	12 LOCK TA NOW	717

## **CROSSWORD**

No.6,856 Set by VIXEN



ACROSS 1 "Nothing's eo hard but— will find it out." Herrick (Hesperides) (6)
4 Cute characters gathered around a soft drinks dis-

penser (6)

8 Model of pet bird (7)

9 Anecdotes — politicians get the point first (7)

11 No relative may make such a telling report (10)

12 Like starting a kindergarten

music man (5) 14 A few inside stepped for-

ward (8) 16 The guy holding back thanks in cutting beasts (8).

18 Absurd thing to occasion gloom! (5) 20 Given employment in a warehouse, due to expan-

sion (4) Strong line taken about colour - it is praiseworthy (10) 23 A magazine for football players (7)
24 The case presented by the administration (7)

25 Find serving men kind in a boliday centre (6) 26 Spare many a bore (6) DOWN 1 Put on a coach (5)

THIEVERY SWITCH
O R I U H O U
PATHETIC WIGHA
H E W N O T H A
AGNES OFFSEASON AGMES U F R
STRICTUS AMORTIS
E D R S N
LEGINORIN SPEECH

6 Sure to upset a cretin (7)
7 A top man parking and stay-

ing (9)
10 One's a king indeed when

opposed! (9) 13 Official rate changes more 6

down (9) 15 Against display – clear? (9) 17 Talk to direct (7)
19 Ordering algorith to reform

21 Such air-lines provide comfortable beating (5)
22 Continental university

Solution to Puzzle No.6,855

that's superior (5)

**JOTTER PAD** 

FINANCIAL TIMES CONFERENCES

## RETAILING IN THE 90s

The Role of Technology London

20 & 21 March 1989

Speakers include:

Mr James Gulliver Lowndes Queer Sway PLC

Mr John Berry The Boots Company PLC

Ms Sophie Mirman Sock Shop International Pic

Mr Felix Barber The Boston Consulting Group Limited

Mr John Leighfield ISTEL Limited

Mr Richard Alien EftPos UK Limited Mr Len Fletcher

NCR Limited Mr Desmond Pitcher The Littlewoods Organisation FLC

Mr John Thompson Index Group

Mr Jeremy Soper WH Smith Limited

Mr Robert Bramley Allied Breweries Limited Mr Gareth Williams

Marks and Spencer pic



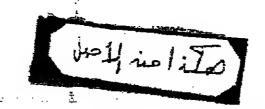
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#### **WORLD STOCK MARKETS**

AUSTRIA  February 8 Sch + et - February 8 Frs. + er -	GERNANY (cardiamed)	ITALY (certimes)	SWEDEN February 8 Kroney + or -	
Configuration   2.050   Feb.   Configuration   2.780   Feb.	BASF 301 [48		AGA B (Free) 342 +6	CANADA  Rate Start Mich Low Close Ches State Start Mich Low Close Ches Start Mich Mich Low Close Ches Start Mich Low Ches Start Mich Mich Low Ches Start Mich Mich Mich Mich Mich Mich Mich Mich
Periodoses	Bayer	Reserve   Ls	Astra 6 Greel 236	### Block   Block   Clean Chroy   Fight Law   Chron Chroy   Clean Chroy
GRI Holding 254.1 47.4 Redeate 335 65 1.5.3 B Systems 749.1 +6.6 Roorse-Fuel Cital 609 49 1.7 B Roorse-Fuel Cital 1.730 450 1.7 Sulface 1.700 450	ITALY	SPACE February 8 Pis.% + 87 Baseo Bilboo Viz 1,136 45 Baseo Costrol 975 45	February 8   Itanat + ar	INDICES
Nort lots	February 8	Bases Willbac Viz   1.136   45	Augle Am Coat   S2.5	Peb   Feb   Feb   Feb   Feb   Feb   Feb   Feb   1988/89   Since compiliation   Feb   Feb   Feb   Feb   1988/89   Since compiliation   Feb   Feb   Feb   1988/89   Since compiliation   Feb   Feb   1988/89   Since compiliation   Feb   Feb   1988/89   Since compiliation   Feb   3   2   High   Low   High
JAPAN February 8 Yes + ar - February 8 Yes + ar -	Felianery \$ Yes + sr -	February 8 Yes + or -	AUSTRALIA (continued) February 8 Aust\$ + ar -	S & P Indt. P/E ratio
Althounts	Mario Sec.   2,100   478	Talona Shaco	MIM   1.83   -0.01   MCPhersone	Feb 7 Feb 8 Feb 3 Feb 1 Feb 1 Feb 1 Feb 5 Feb 3
Chegal Pierra   1,500   10   10   10   10   10   10   10	Westa From	Tota 12.200 1420	HONG KONG February 3 H.K.S + ar -	TOKYO - Most Active Stocks
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Daires Bank   1,610   +50   Long Term Cred   20,900   Daires House   2,120   +20   Marcia Scr.   2,620   +92   Marcia Scr.   3,510   Disers Kill   865   +92   Marcia Elect Wir   1,100   +11   Disers Mitaline   1,160   +11   Marcia Fixed   1,210   +11   Hours Mitaline   1,200   +25   Marcia Fixed   1,210   +11   Hours Mitaline   1,200   +25   Marcia Fixed   1,290   +120   Hours Mitaline   1,250   +120   Hours		Vassita Corp 1,830 -30  Vassita Notor 1,460 +10  Vassita Notor 1,460 +10  Vassita Notor 2,040 +40  Vassita Notor 3,850 -50  Vassita Notor 1,940 +210  Vassita Nasita 1,740 +210  Vassita Fire 1,460 +220  Vassita Fire 1,460 +120  Vassita Fire 5,041 +401 -20  Vassita Fire 5,041 +401 -20  Vassita Fire 5,041 +401 -20  Vassita Fire 5,041 +401 -401 -401	1889 99 98   182	
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Roberto Alves

## Fears of missing the rally prompt further Dow rise

#### Wall Street

FEAR of missing the current raily has outweighed any potential negatives for the market, including higher interest rates, writes Janet Bush in New York.

Yesterday morning saw the equity market go through a now familiar cycle of stocks rallying, then succumbing to profit-taking and finally rising again as institutions bought at the lows. The Dnw Jnnes Industrial Average piled on 10 pnints within the first half hour of trading, then lost those gains only to recover again by midsession.

At 2 pm, the Dow stood 5.36 higher at 2,352.50 on heavy trading of 134m shares.

It is difficult to pinpoint any change in economic fundamentals to account for the fine performance of the equity market so far this year. There is a general concern that inflation, while not explosive, is creeping

No one disagrees that short-term interest rates will move higher before falling again, although the timing is uncertain. Some analysts believe rates will peak in the first half of this year and slide in the second half as the economy slows. Others believe interest rates will continue ris-

ing throughout 1989. The Treasury bond yield curve has finally inverted, which has often presaged a recession. Whatever the disagreements over and technicalities of analysis of the yield curve, short-term Treasury bonds offering a low-risk return of more than 9 per cent

are an attractive alternative to ture with CSX for \$365m. stocks. This was indicated by day's three-year auction. Corporate profits are set to slow after last year's rise of about 25 per cent to perhaps 15

President George Bnsh's expected proposal to cut capi-tal gains tax from 28 per cent to 15 per cent for stocks and similar investments is likely to run into intense political apposition in Congres

Yet none of this matters to the stock market at the moment, as investors' only concern is nnt to miss out nn current gains. If the market is ignoring less optimistic news on the horizon and continuing to rise, there is some logic in capturing the returns on offer now and taking profits later in the year. The equity market seems firmly set on a buying spree, although there will inevitably be setbacks on the way. Blue chins slowed down a lit-

Blue chips slowed down a lit-tle after their surge on Tues-day. International Business Machines edged \$\% higher to \$127\%. Philip Morris added \$\% to \$111, F. W. Woolworth added \$\% to \$55\%, Merck dropped \$\% to \$64\% and General Electric dipped \$% to \$48. Among featured individual

stocks was Cummins Engine, which added \$2% to \$67%. Hanson Trust of Britain has received US anti-trust clearance to buy up to 15 per cent of

Southern New England Telecommunications gained \$4 to \$66% after the telecommunications subsidiary of Williams Companies said it had agreed to bny Southern New England's Lightnet joint ven-

Desoto dropped \$% to \$48% after it said it would not continue discussions with investor Mr William Speir, who had offered to acquire the company for \$50 a share

Fairchild Industries fell \$% to \$13% after a press report that a subsidiary was under investigation for allegedly falsifying test reports on equipment used in military and commercial aircraft.

Dayton Hudson rose \$1% to \$45% nn vague speculation of a management-led buy-out. The company declined comment. In over-the-counter trading National Pizza jumped \$1% to \$10% after the company filed a suit against Pepsico's Pizza Hut subsidiary to permit the completion of its \$9.25-a-share acquisition of Skipper's Inc.

#### Canada

DEMAND for energy and industrial Issues pulled the Toronto stock market higher at midday, with the composite index np 19.6 at 3,699.3. Advances outnumbered declines by 307 to 260 on brisk turnover of 17m shares.

Among golds, American Bar-rick rose C\$% to C\$23% and Placer Dome firmed C\$1/4 to

Gulf Canada, which said it was seeking a licence to export natural gas from northern Can-ada to the United States, was unchanged at C\$14%. Molson, which said It expec-

ted to make savings from brew-ery closures after the merger of Its hrewing operations with Carling O'Keefe, rose C\$% to

#### **ASIA PACIFIC**

## Nikkei soars past 32,000 level in frenzied buying

#### Tokyo

INVESTORS were undaunted by the recent steep rise in share prices and bought frenetically, sending the Nikkei average surging through the 32,000 level for the first time, to close once again at a record high, writes Michiyo Nakamoto in

Wall Street's overnight strength set the bullish tone and the Nikkei average rosa 152.30 to breach 32,000 by the close of morning trading. It climbed to a high of 32,066.09 before closing just below it at 32,065.12, a gain of 184.47. The day's low was 31,892.51. In spite of the Nikkei's pow-

erful rise, losses slightly exceeded gains by 470 to 457 with 165 issues unchanged. Turnover was a strong 1.79bn shares, although not quite as high as the 1.96bn traded on Tuesday. Tha Topix index of all listed shares gained 17.77 to 2,490.07 and in London the ISE/ Nikkei 50 index picked up 11.04 to end above the 2.000 level at

The Nikkel average hit 32,000 "without even pausing for hreath," commented one broker. Investors who only a few days ago had been worried about an upward spiral in global interest rates and the yen's weakening against the dollar appeared to shelve those worries and concentrate on getting what they could out of the market.

Buying interest has bean shifting from sector to sector at a fairly rapld pace, with

NATIONAL AND

investors who had snatched up non-ferrous metal stocks earlier in the day already taking profits before the close, Much of the buying seemed to be frantic and indiscriminate as growing optimism about the market's prospects allowed investors to discount worries

over interest rates and the yen.
Tha currency market has indeed been relatively stable. but the sharp rise in stock prices and the rapid sector rotation led at least one broker to warn that "this kind of burst of strength is quite often short-lived."

Large capital steels made an expected rebound. Kobe Steel led the actives with 105.5m shares traded and put on Y46 to Y837. Nippon Steel followed with 74.4m shares, rising Y34 to Y940. NKK was the third most actively traded with 61.5m shares, gaining Y33 to

Leading brokers were known to have been eager to push steels in order to generate volume before the end of their shortened fiscal year in March. The popularity of construction stocks in recent days was a natural way to direct attention back to the steels, one analyst

Receding fears about higher est in financial firms. Fufi Bank gained Y90 to Y3,700 and Nikko Securities rose Y70 to Y2,100.

Trading in Osaka was also supported by interest in large capital steels and financials. The OSE average gained 77.84 to 30,433.84.

Nippon Fire and Marine Insurance rose Y160 to Y1.370 and Nippon Oil advanced Y34

#### Roundup

TRADING was fairly featureless in Asia Pacific markets, with share prices responding to domestic economic news rather than corporate situations. Hong Rong and Taiwan were closed for new year cele-

AUSTRALIA was led higher by strength in the industrial sector, although there were continued worries over interest rates. The All Ordinaries index rose 9.3 to 1,501.3.

Turnover was thin, at 73.2m shares worth A\$114.3m, and much of it was options-related. Among industrials – which were strong in response to firmer overseas markets -News Corp added 10 cents to A\$10.70, BTR Nylex put on 6 cents to A\$9.12 and Goodman Fielder rose 10 cents to A\$2.20. NEW ZEALAND rallied on continued overseas demand

and in response to gains in leading world markets. News of December's current account surplus aided senti-ment, while a weakening of the New Zealand dollar against the Australian currency encouraged Australian buying. The Barclays index rose 34.9 to

SINGAPORE returned from new year celebrations in opti-mistic mood, with the Straits Times industrial index rising 7.78 to 1,151.21.

# Lethargic Portugal shows signs of stirring

Leaked tax incentive proposals have buoyed investor confidence, writes Diana Smith

lies on the Lisbon and Oporto bourses hint that Portugal's languid markets may be awakening from a siesta that began with the October 1987 crash.

After long uncertainty, investors, companies and fund managers finally know what the Anibal Cavaco Silva Government is offering in bourse-related tax incentives. Leaks to the media late last month of tax incentive proposals brought sighs of relief from anxious brokers, fund and portfolio managers.

Since the leaks, turnover and prices have begun to recu-perate from 8 severe January slump. Volume stood at only 457,000 shares in the first week of the year but by last week had jumped to 1.22m. The Banco Totta e Acores (BTA) index, meanwhile, has recouped all of the 3.5 per cent drop seen in the first couple of veeks this year, to stand at 2,351.5 yesterday.

Fund managers such as Mr Joao Rendeiro of Gestifundo report a small increase in demand for unit trust shares over the past two weeks. He adds that the bond market is also waking up, as bank credit tightens and lending rates soar above 19 per cent - 10 points above domestic inflation. Now that income on bond interest is tax-free, company debentures and gilt edged securities offer-ing 12 to 13 per cent interest are attracting more takers.

"The Government's tax pro-posals do not penalise inves-tors or companies," says Mr Rendeiro, "and they seem to be having a positive psychological effect on the market." Specialists have long pressed for clear, consistent tax incentives that can sustain interes

in Portugal'a small market.
Instead, over the past two
years, tax policies have chopped and changed, confusing
and discouraging investors.
This time round, specialists
hope that a Finance Ministry

Portugal Lisbon B T & A Index 2350 2250

> under the bureaucratic wing of which the bourses must function - does not change its mind in a few months' time. The proposals, which must be debated and approved by Parliament before becoming law, offer resident individuals tax exemption on capital gains from ahare transactions as

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long as they hold the shares for a year. Individuals may deduct from their taxable income up to Esc500,000 (\$3,250) a year in dividend earnings, Resident companies selling shares will pay no tax on the proceedings if they invest gains in their companies or in gilt-edged securities.

A vital point, which unit trust and fund managers defended in the face of initial official resistance, has been conceded: neither resident unit trust portfolio earnings nor unit holders' earnings will be subject to capital gains tax. Pension funds earnings will be tax exempt and venture capital companies will, for now, pay no corporation tax.

There is also a reduction of 20 per cent in the taxes due on dividends paid by listed compa-nies and a carrot offered to potential huyers of shares in the forthcoming reprivatisations of state-owned corpora-tions, where dividend taxes will drop by 40 per cent.

There is a great deal of unhappiness, however, over the decision to exact a 10 per cent tax on proceedings from non-resident foreigners' operations on the Portuguese bourses.

The discriminatory decision was greeted with dismay by overseas investors who have stuck with the shaky local market and, in the past stag-nant year, taken capital losses. Threats on the part of some of them to pull out of the equity market because the tax move, in their view, is the last straw have led to hints that

the anthorities may let Parliament amend the proposal in

the foreigners' favour. Analysts believe the market badly needs long-term, solid, sophisticated foreign capital to boost-its development, materity and efficiency. However, hureaucrats who control the financial and capital markets often seem deeply suspi-cious or even resentful of for-

## Frankfurt's FAZ climbs to new 1989 high

STRENGTH in the world's leading markets boosted Eurohealthy gains in solid turn-over, writes Our Markets Staff, FRANKFURT surged ahead

in active trading as investors returned from carnival holidays in good spirits and took encouragement from overseas gains. The stable dollar helped ease interest rate worries and the FAZ index pushed 4.83 higher to 569.27, a new high for the year, The DAX index ended 14.94 better at 1,359.88 in strong

turnover worth DM4.7bn. Mr Jens Wiecking, director of Merck Finck, the Düsseldorf bank, saw the rise as partly technical, as institutions were heavily laden with cash and keen to get back into the mar-ket. The recent focus on speculative and second-line issues, with blue chips lagging, had been taken as a sign that the market was tiring. "Everybody was caught on the wrong foot," said Mr. Wiesking. said Mr Wiecking.

Market players were still cautious, he added. "Sooner or later this interest rate situation will have an impact, but apparently not yet."

Foreigners were present, but the main activity came from domestic institutions. Blue chips mostly showed strong gains, but Daimler continued to lag, with a gain of only DM1 to DM670. Siemens rose DM9 to DM540.50, saying it was still in the running to partner Italtel, the Italian telephone exchang maker, despite the selection of AT&T on Tuesday. The choice

has to be formally approved. Features included engineer Dentsche Babcock, a recent underperformer which rose DM9.20 to DM183 and hit DM190 in after hours trading on rumours of a large order from the Middle East.

Retailer Hussel gained DM12 to DM480 on upward revisions of earnings forecasts following its sale of loss-making Voswinkel Shoes. Holding company Agiv gained DM19 to a 1989 high of DM497. In chemicals, BASF was

again the day's most actively traded stock, rising DM3 to DM301. Utility Veba was the second most active issue, adding DM7.30 to DM290.
PARIS took off in early orning trading in response to Wall Street's strong overnight performance, positive corporate news and speculation, Profit-taking then knocked some stocks but a firm opening in New York revived interest

#### and the market closed near the day's highs.

The CAC 40 index added 24.95 to 1,702.09 and the OMF 50 index rose 7.66. The CAC General index, calculated on opening prices, stood 4.4 up at 456.4, not far off its all-time high of 460.4.

Carmaker Pengeot rose FFr31 to FFr1,613, having been at FFr1,619, on news of a 7.7 per cent rise in its domestic car sales last year. Its share of the market rose to 34.2 per cent from 33.4 per cent. There was also a market rumour yesterday that Flat might be interested in bnying Michelin's 9 per cent stake in Peugeot, and Michelin climbed FFr7.40 to FFT221.90. Thomson-CSF also saw

active trading, rising FFr7 to FFr254, after being up FFr12, as rumours flew. There were suggestions that Thomson might itself bid for Plessey of the UK; that it might join GEC and Siemens in their bid for Plessey; and that it might pick np those bits of Plessey not wanted by GEC and Siemens. Metaleurop was strong on firm zinc prices, rising FF17.50

249,000 shares. But some of esday's sharp climbers saw Tuesday's snarp chimoers saw profit-taking, and Avions Mar-cel Dassault lost FFr40, or 4.8 per cent, to FFr790, while Labinal gave up FFr55, or 5 per

cent. to FFr1,020. ZURICH was taken higher by chemical and engineering stocks, ending firmer in improved turnover. The Crédit Suisse index added 5.6 to 539.4. Chemicals benefited from statistics showing an 8.9 per cent rise last year in the value of the domestic industry's exports and by rumours that Sandoz and Ciba-Geigy were interested in buying stakes in

Sandoz bearers climbed SFr200 to SFr10,000 while Ciba-Geigy hearers put on

#### SOUTH AFRICAT

THE WEAK financial rand and overseas stock market gains proved a fillip for Johannes burg gold shares, which ended higher in spite of a weaker builion price. Industrials were also strong, with Barlow Hand, up R1 at R33.25. SFr80 to SFr3.130.

AMSTERDAM rose in line with leading world markets, with trading again boosted by interest in DSM, the newly floated chemicals group. The

CBS tendency index rose 0.8 to 166.0 in an active session. DSM gained Fl 2.60 to Fl 123.10, ending off a high of Fl 124.50. Some players apparently sold the stock short in grey market trading last week, betting on the price falling when official trading began on Monday and on obtaining their full allocation of shares. Amro bank, which is lead managing the new issue, was said to be unhappy about this and buying

aggressively, leaving some peo-nie scrambling to cover.

Steel stock Hoogovens was strong again on higher earnings expectations, rising FI 2.80 to FI 80.60, and KLM added 10 cents to FI 47.20, after reaching F1 48.30, before today's third

quarter results.
MILAN was helped higher by corporate news, although the tone remained nervons. The Comit index added 2.16 to 580.49 in thin volume. The Italiel-AT&T link-up was

widely expected but telecommunications stocks were nevertheless strong, with Stet ris-ing L75 to L3,575. Olivetti, bidding for ISC Systems of the US, rose L89 to L9,350.

STOCKHOLM was cheered by Wall Street and by expecta-tions of bumper results from telecommunications group Ericsson, due today. The Affärsvärlden index climbed 10.5 to 1,069.4. Ericsson rose above SKr400

for the first time in five years, but eased slightly to end SKr3 higher at SKr399. Atlas Copco benefited from anticipation of good earnings later this month and rose SKr8 to SKr328. BRUSSELS was dominated by trading in engineering issue ACEC, on news that Matra of France and Gillam of Belgium

plan to make a joint offer for its space, defence and telecommunications activities.
ACEC jumped BFr50, or 12 per cent, to BFr466 with a heavy 106,200 shares traded.

MADRID moved little in the face of the breakdown of talks between the unions and the Government, with the general index easing 0.27 to 279.59.

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# MB Group plc

#### IMPORTANT NOTICE TO CONVERTIBLE BONDHOLDERS

The adjourned meeting of holders of the MB Group plc 5% per cent Subordinated Convertible Bonds Due 2002 will be held on 15th February, 1989. The meeting will consider a Proposal to be put to the meeting by way of an Extraordinary Resolution. This Proposal was described in the Explanatory Statement to Bondholders dated 9th January, 1989.

The Directors of MB Group plc, who have been advised by Baring Brothers & Co., Limited, consider that the terms of the Proposal are fair and reasonable and recommend all Bondholders to vote in favour of the Extraordinary Resolution.

Swiss Bank Corporation has reviewed the Proposal and in particular the basis on which the New Conversion Price is to be established. Swiss Bank Corporation considers that the terms of the Proposal are fair and reasonable to Bondholders.

All Bondholders are urged to act immediately to protect their interests by ensuring that they exercise their right to vote at the adjourned meeting. Bondholders' attention is drawn to the section entitled "Action to be Taken" on page 3 of the Explanatory Statement. Euroclear and Cedel have advised that instructions to them must be received by 10.00 a.m. (Brussels/Luxembourg time) on Monday, 13th February, 1989.

This announcement should be read in conjunction with the Explanatory Statement to Bondholders dated 9th January, 1989.



This announcement is issued by MB Group plc and has been approved by Baring Brothers & Co., Limited for the purposes of Section 5? of the Financial Services Act 1986. Baring Brothers & Co., Limited is a member of The Securities Association, and is the financial adviser to MB Group plc.

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS		TUESDAY FEBRUARY 7 1989			MONDAY FEBRUARY 6 1989			DOLLAR DIDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Dly. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Austra)ia (89)	150.05 94.47	+0.1	127.67 80.38	112.52 91.86	4.75 2.68	149.94 94.57	128.27 80.90	113.09 92.18	157.12 100.00	91.16 83.72	91.76 86.08
Belgium (63) Canada (125)	137.27	+0.2 +0.5	113.75 116.79	129.74 117.49	3.96 3.12	133.40 136.56	114.12 116.83	129.95 116.98	139.89 137.27	99.14 107.06	112.50 108.87
Oenmark (391 Finland (26)	156.53 140.50 118.26	+0.6 +2.0 +0.7	133.18 119.54	154.56 127.26	1.96 1.37 2.75	155.65 137.80	133.16 117.89	154.44 125.11	161.60 140.50	111.42 106.78	114.32 110.56
France (131)	85.63 129.37	+1.4 +0.0	100.62 72.86 110.08	117.89 83.14 129.55	2.27 3.83	117.43 84.47 129.38	100.46 72.26 110.69	117.80 82.49 129.55	119.33 90.40 129.38	72.77 67.78 84.90	78.26 69.90 85.06
Ireland (17) Italy (98)	135.86 79.13	+0.5	115.60 67.33	133.82 80.49	3.83 2.51	135,15	115.62	133.87 81.75	144.25	104.60	107.17
Japan (456) Malaysia (36)	193.44 156.84	+0.3	164.59 133.45	158.04 164.67	0.47	192.79 156.77	164.93 134.11	158.00 164.65	197.43 156.84	133.61 107.83	148.21 107.83
Mexico (13) Netherland (391	163.12 113.97	+0.4 +1.0	138.79 96.97	413.76 109.63	1.24 4.53	162.50 112.88	139.02 %.57	411.65 109.35	182.24 115.04	90.07 95.23	137.94 96.79
New Zealand (24) Norway (26)	73.19 159.28	-0.8 +1.0	62.27 135.52	63.39 146.20	6.21 1.86	73.78 157.68	63.12 134.90	63.91 145.21	84.05 161.54	63.32 98.55	67.31 99.35
Singapore (26)	139.70 125.62 146.79	+0.1	118.86 106.89	124.15 108.75 129.22	2.15 4.34	139.63 123.90	119.45 105.99	124.15 107.26	139.70 139.07	97.99 98.26	98.94 118.72
Spain (42) Sweden (35) Switzerland (57)	147.85 76.21	+0.4 -0.7 +0.5	124,89 125,80 64,84	138.88 74.96	3.65 2.17 2.27	146.19 148.84 75.81	125.06 127.33	129.46 140.41	164.47 150.22	130.73 96.92	134.41 105.87
United Kingdom (314)USA (569)	150.74 121.90	+1.9	128,25 103.72	128.25 121.90	4.23 3.51	147,87 120,44	64.85 126.50 103.03	75.03 126.50 120.44	86.75 150.74 121.90	74.13 120.66 99.19	77.14 123.36 102.78
Europe (1007) Nordic (126)	119.54 143.91	+1.2 +0.2	101.71 122.44	109.42 132.45	3.48 1.98	118.10 143.62	101.04 122.87	108.72 132.74	119.66 144.52	97.01 98.11	97.01 103.65
Pacific Basin (676) Euro-Pacific (1683)	188.93 161.17	+0.3 +0.6	160.75 137,13	154.74 136.71	0.69	188.33 160.23	161.12 137.08	154.73 136.44	192.26 161.61	130.81 120.36	143.57 124.96
North America (694) Europe Ex. UK (693)	122.73 100.33	+1.2 +0.6	104.42 85.37	121.65 97.73	3.48 2.84	121.31 99.72	103.78 85.31	120.25 97.72	122.73 102.91	99.78 80.27	103.10
Pacific Ex. Japan (220),	159.99	+0.0 +0.6	114. <del>69</del> 136.12	113.09 135.93	4.32 1.60	134.80 159.05	115.32 136.07	113.45 135.64	137.41 160.23	87.51 120.26	87.67 124.35
World Ex. DK (2136) World Ex. So. Af. (2390)	144.74 145.38	+0.7 +0.8	123.15 123.69	131.46 131.30	1.98 2.17	143.78 144.26	123.01 123.41	130.90 130.63	144.74 145.38	111.77 113.26	115.28 115.96
World Ex. Japan (1994)	122.13	+1.1	103.92	117.12	3.53	120.77	103.32	116.07	122.13	100.00	100.54

The World Index (2450) 145.26 +0.8 | 123.59 | 131.15 | 2.19 | 144.13 | 123.30 | 130.47 | 145.26 | 113.37 | 115.99 Base values: Oec 31, 1986 = 100; Finland: Gec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$

Index1, 114.42 (Pound Sterling) and 123.18 (Local).
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CONSTITUENT CHANGE:DSM (Netherlands) was inserted Feb.7.
Markets closed Feb.7:Hong Kong, Malaysia and Singapore.

Latest prices were unavailable for this edition Latest prices were unavailable for this edition